P 114 E-K P

App. F. IX-4

Previous References

193 .
(C. D.)

File No. 40-26

Serial Nos. 21, 25-27,
29, 31-36.

Later References

General and Revenue Secretariat.

Serial Nos.
Three.

Part B for May 31.

SUBJECT.

Recovery of long overdue loans from Societies.

G. R. S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

D 8736

Letter from the Presk Central Co-operative Bank Ltd. forwards a defaulters' list of Societies to the Bank and states that for a total loan of Rs 1,11,200 due from 36 out of 70 defaulting Societies as much as Rs 70 600 is due on account of interest with the remark that unless the Registrar gives an assurance that the outstandings will all be cleared the Bank has no alternative other than resorting to legal proceedings in the case of a few worst defaulting Societies at least.

Subd' the file containing the previous letter quoted by the Presk in the P.C.D. was submitted on 8/4/30.

If appd the letter will be sent to Mr. Ry Co for his remarks in the first instance

2nd 10/4

N. B.—Should routine notes be written on small slips the notes must be copied, or slips pasted on this form.

8/86

G. R. S. III—3]

ROUTINE NOTES

[To be used only for notes, requisitions, etc., not intended for permanent record.]

3 Regr. of C.S. may be consulted
A. Lee
Ce
13/4/30

4 He may be asked particularly specifically
what objection there could be to
Mr. Bowes taking such legal action
as it wishes.

Miss Maclay
mm
14/4
Ce
14/4

9969
15/4

5 yrs file
14/4

mm
16/4
Ce
16/4

6
Subd with draft
Ld
16/4.

7 Issue
VS
17.4.30

20.
D. 11861/ dated 22/4/30
To. The Registrar C.S.,
Ref. sl 18, fols. ~~copy~~ letter No. 2735
dated 20/3/30 & enquires what specific Gen A
objections there are to the Bank taking such
legal action as it wishes to take.

- 1 MAY 1930

N. B.—Should routine notes be written on small slips the notes must be cipoed, or slips pasted on this form

10340

(2)

App. F. III—2]

General and Revenue Secretariat

Co File No. 40 of 1926.

Serial No.

Copy No 1170

21. No 6522 Co 8 28/5/30 from the Reg^r Co — Submits a detailed report as to the grounds on which he would not permit the Bank to file suits against debtor Societies. Subs 8 - It is for consideration whether the Registrar is wholly correct in accusing the Central Cooperative Bank of failure to take adequate safeguards when issuing loans to Societies - This apart, the point at issue seems to be whether the Bank may or may not be allowed to take legal action against debtor Societies whatever the consequences of such legal action may be. As regards the point raised in para 3 of the Registrar's letter "What the Scope & significance of unlimited liability is" the Legal Remembrancer may perhaps be consulted.

26/5/16 9 As there seems to be some difference of opinion between the Regr and the Bank as regards the legality of filing suits against the Societies in their corporate capacity, the opinion of the L R may be obtained. If there is no objection to this procedure it seems desirable to permit the Bank to follow this course, as they appear to think that this is the only way of recovering their long-standing dues. (A. Lee)

16/6/30 To Forwarded with compliments to

CHIEF SECRETARY'S
16 JUNE 1930
Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

10340 (4)

App. F. III—2]

General and Revenue Secretariat | G File No. 40 of 1936

Serial No.

The Legal Remembrancer for favour of opinion on the following points discussed in person today.

(1) Whether the civil Court can entertain a suit by the Bank against the debtor societies, unless such suit has been referred to the Court under Rule 16 (ii) (b).

(2) Whether in referring a suit to the civil court, the Registrar would be in order in stipulating the conditions mentioned in the last para of the P.U.D.

Reg 2/7

Ca 2/7

(3) The first question has to be answered in the negative. Rule 16 cl (1) made under sec 44 cl (l) of the Cooperative Societies Regulation makes it obligatory for all disputes in respect of the business of a Society arising between the parties mentioned therein, to be referred to the Registrar for decision - This by necessary implication ousts the jurisdiction of the Civil Courts in such matters. (Vide 1 Mys L.J. page 92, 47 All 374, AIR 1924 Lah 418).

(4) Under Rule 16 cl (2) (b), the Registrar

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

General and Revenue Secretariat

G File No. 40 of 1916.

Serial No.

has been given discretion in referring the parties to the Civil Court. It is a matter of doubt whether this rule is intra vires and can give jurisdiction to the Courts to hear & settle disputes so referred. Sec 44 cl (1) under which the rule is framed, contemplates a reference to the Registrar or "if he so directs to arbitration". It does not specifically mention a reference to the Civil courts, whose jurisdiction in matters referred to in the section, has been impliedly barred under cl (1) of rule 16. This point has been touched upon in the decision reported in 1 Hyd L.J page 92, where it is observed as follows:—

15 "It being a fundamental principle of law that the Courts have jurisdiction to try all suits of a civil nature, except those of which their cognizance is expressly or impliedly barred by an enactment for the time being in force and as the direction in Rule 16 (1) that the disputes referred to therein shall be submitted to the Registrar for decision has the effect of debarring the Courts from taking cognizance of them, it is a question how far the bar imposed by the rule can be removed by an exercise of

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

Serial No.

discretion on the part of the Registrar. The question however was not pursued further in the Case, since in the Case before the Chief Court, (as it then was), the matter had not been referred to the Registrar & that officer had not exercised his discretion in referring the dispute to the Civil Court.

16 Supposing however that the Civil Courts on a reference from the Reg have jurisdiction in the matter when the parties have been referred to such courts by the Registrar, the question arises whether he can impose Conditions binding on the parties regarding the further procedure to be followed by them according to law? Neither the Regn nor the Rules under it empower the Registrar to do this. has to be answered also in the negative since

17 It has however to be pointed out that the Conditions proposed to be imposed by the Registrar in this case & mentioned in last para of the P.O.D are such that they appear to be absolutely unnecessary to achieve the end that the Registrar has in view. The Bank can get decrees only against its debtors, ie the Societies and not the members thereof even

Note—Contn. Sheet

General and Revenue Secretariat

G File No. 60 of 1926.

Serial No.

4/Law

though the Society is of unlimited liability. It has to execute the decrees only against ~~the judgment debtor~~ the defendant societies and that too according to the C.P. Code. The Bank being a judgment creditor may of course approach the Registrar under sec 36 of the C.S. Regn. and the Registrar on enquiry & inspection may dissolve the Society only if in his opinion it ought to be dissolved. The Bank cannot compel the Registrar ~~to~~ to place the Societies under liquidation.

18 The unlimited liability of the members can only be enforced after liquidation (Sec 42 Cl(2)(6)) & hence it is clear from what is stated above that the Registrar can by a proper exercise of his discretion prevent such enforcement, if he thinks it is against justice, equity or good Conscience.

Legal Rr.

(O.O.D)

MP 3/7.

Chief Secy

19 MP 8.7

~~From~~

20 The Bank may be allowed to send a deputation of two

1. Hand to Registrar verbally & Confirm

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

App. F. III—2]

General and Revenue Secretariat

File No. 60 of 1936.

Serial No.

316
9/7

members of the Board, as suggested in the last para of the P. U. D. A date may be fixed for the meeting. The Regr may also be asked to be present.

1/ If a meeting is considered unnecessary at this stage, the Board may be informed that it is not possible for the Registrar to ~~guarantee~~ give any assurance (one is asked for) about the collection of outstandings and that the Board is at liberty to take such legal steps as it ~~do~~ may deem advisable.

Hd Member 9/7

2/ I think a ~~no~~ discussion at a meeting might help some one. The President in the last para of his letter said he would write again.

We may now tell him that his further views awaited. If he writes we may then consider a deputation, meanwhile fix a date

SS 9/7

Submit draft Ltr. 4/ Secy 10/7 10/7

14/7

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

10340
739

App. F. III—2]

General and Revenue Secretariat

File No. 4 0 of 1926.

Serial No.

Mr B.S.R. Bangalore central Co-operative Bank Ltd. Informs him that the promised further Communication in the matter is awaited.

Sus C

No 242 d 22/7/30 from the President Bangalore central Co-operative Bank Ltd. States that the further representation promised will be made next month.

Subd for perusal.

Ch. Secy 25/7/30

23/7

26 Hon'ble Member

Hon 30/7

Sec 31/7

4/8/30

OFFICE OF THE MEMBER OF COUNCIL
31 JULY 1930
No. 1156

Sus B for

Sec 2/8

GEN. & REV. SECRETARIAT.
-6 AUG. 1930
DEVELOPMENT BRANCH.

No 805 d 1-9-30 from the Pres't Bangalore Central Co-operative Bank Ltd. Enquires when a deputation may wait upon Govt to represent "the grave & unhappy situation created for the Bank by a large number of defaulting Societies."

~~Subd for orders~~

Sec

4/9 No 876 d 8/9/30 from the same officer

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

(12)

1930

G File No 4C of 1926

General and Revenue Secretariat

Serial No.

Reports that any day after the 15th inst Convenient to Govt may be fixed for meeting the deputation referred to above

28 Subd for orders

Ref Para 22

4/9 A. Ley

Ca 5/9

30 Please put up a reply stating that a date cannot be fixed on the return of the second Member from leave.

MM 6/9

Ca 6/9

31 Subd with draft

32 Opr: for approval

8/9 A. Ley

Ca 8/9.

33 MM 9/9

34 Issue Ca 9/9

D 2948 dt 10-9-30 to the Pres: Bangalore Central Co.

States that a day will be fixed on the return of the Second Member of Council from leave

35 Subd for orders as to what date will suit the convenience of the 2nd Member of Council.

16/9 A. Ley

36 Second Member MM 16/9

Ca 16/9

Note-Contn Sheet

CHIEF SECRETARY. 5 SEP. 1930

CHIEF SECRETARY. 8 SEP. 1930

OFFICE OF THE SECOND MEMBER OF COUNCIL 17 SEP. 1930 No. 2 161

CHIEF SECRETARY. 16 SEP. 1930

739

App. F. III—2]

General and Revenue Secretariat — C.S File No. 660 — 1578 of 1926.

Serial No.

37 If necessary I can take them till we return from Tyne after the R.A. Manœuvres about the 5th Oct

Ce 17-9-30

38 Sub. 17/9/30 Ce 17/9

Sub B Ce 4/10/30

Ce 17/9

GEN. & REV. SECRETARIAT 29 SEP 1930 DEVELOPMENT BRANCH

39 Sub. as per orders in para 37 above.

O/N This should have been sent with an Emm. Card. instead of being bundled with the ordinary files, thus involving delay in submission to the Min Ce 8/10

4/10 MO Regret the delay in the submission of this file which I first found mixed up with a no. of ordinary files which I had no time to look into till today

2nd Min) Ce 8/10

OFFICE OF THE SECRETARY OF COUNCIL 8 OCT 1930 2864

41 215 Oct at 4 PM will suit me. Chiefs & Mr Beckett present (Sir Maybe sent to me the prev. working pg) Ce 13.10.30

42 Inform the President of the Board accordingly & return the file to me. Papers relating to the proposed amendment of Rule .. may also be put up

Ce 13/10

43 Sub. The file re amendment of Rule 18 of the Rules under the C.S. has been referred to

MO 498 (D No 2515) C.S 127-29

NOTE—Contn. Sheet

12

Immediate

1930

Co-operative Banks

File No. 40 of 1926

General and Revenue Secretariat

to the Regr Co on 25.9.30. Draft recalling the file is put up. A draft to the Pres of the Bank is also proposed.

43 Issue Ce 14/10

Sd KB 14/10

D 38768 & 14.10.30 to the Regr Co. Calls for the return of the file re amendment of Rule 18 of the rules under the Co. Regn sent to him No. ~~file~~ for opinion on 25/9/30.

D 38877 & 14.10.30 to the Pres. Bangalore Central Co-operative Bank - Informs him that the 25th night ~~with~~ 4 P.M will suit the Member to meet the deputation in his Chambers.

Subd 44 with reference to para 41 above.

The file about the amendment of Rule 18 of the rules under the Co. Regn referred to in para 42 above has not yet been received back from the Regr.

Sd Ch. Ley 45 Ce 17/10

17/10

OHIEF SECRETARY'S 17 OCT. 1930

46 The Regr may be informed that he may be present when the deputation waits on the Member

Ce 17/10

47 Subd with draft

Sd 17/10

48 Regr. has expired. Issue left Ce 17/10

To the Regr Co. No D 4086 & 17.10.30 Requests him to be present at the meeting on the 25th inst with certain files.

General and Revenue Secretariat | File No. | of 193 .

Serial No.

49

Subd. after issue of the draft

Ed. 50 [The modes of inspection are vide the

17/10 Regr. who has been requested to bring them

here &c.]

2nd. Mch) 17/10

NOTE—Contn. Sheet

WD 02553—50,000—GPB—8-7 50

16

51) 1. Were these loans granted on recommendation of Regr. Cooperative Engrs?
If not, how

2. Did Bank verify the papers applying the loans.

3. Is Bank keeping in touch with societies? How it any field staff?

4. One supr has been given. How are his remis utilised?

---

5. Is any recent departmental reversing the cases one? Can DRegr undertaking this work?

Report complementary upto 145

Serial No.

52) The President (Sir K. P. Puttanna chetty) and some of the members of the Board of Management, including Messrs K. R. Srinivasa Iyengar, C. B. Rama Rao, and D. Govindarao, met the Board Members of Council on the 21st inst in order to explain their difficulties of the Bank. The Reger. Co-operative Societies (Mr K. H. Ramayya) was also present.

53) The deputation referred to two subjects viz.

1. Recovery of outstanding loans from debtor Societies

and 2. Proposal to amend Rule 18 of the Rules issued under the Co-operative Societies Regulation so as to reduce the maximum permissible rate of Dividend below 10%.

54) The deputation handed in a memorandum of their views on both these points.

55) The dividend question is being dealt with in another file.

56) With regard to the recovery of arrears, the Registrar explained the action taken by the Dept and said that 60 out of the 65 Societies which are debtors to the Bank had

NOTE—Contn. Sheet

WD 02553—50,000—GPB—8-7 50

filed suits, at the instance of the Dept, against their defaulting members and that as these suits were disposed of and monies were recovered, they would be credited to the Central Bank. The deputation stated that if action on these lines was taken against all defaulters, they would be quite satisfied and that they would not press for permission to file suits against societies either before the Registrar or in civil courts.

57) It was agreed that the Registrar should furnish a statement to the Bank showing the names of all defaulting members of the societies, the extent of their liability, and the particulars of action taken to recover their dues. On receipt of this statement, the Bank would consider what further steps, if any, it should take to safeguard its interests. So far as the Dept is concerned, it will see that suits are filed and diligently prosecuted against defaulting members of societies, in every case where such a course is possible.

(The form to be prescribed by Govt)

58) The members of the deputation

Serial No.

pointed out that in some instances monies received from Societies were kept in deposit in the Apex Bank instead of being made over to the Central Bank in discharge of its dues. The Registrar may be asked to report as to how far this complaint is well founded.

59) They also suggested that in a few cases at least, the unlimited where owing to the perpetration of fraud or for other special reasons, the ordinary remedies were barred or were likely to prove ineffectual, the unlimited liability of the members of Societies might be enforced. This is a matter for the Registrar to consider in dealing with suits, if any, filed by the Central Bank. Govt however see no objection, in principle, to the enforcement of unlimited liability in appropriate cases. But this must be done sparingly and with discrimination.

60) If approved, a draft reply to the Regr will be put up in these lines

Hon'ble Member 28/10/30

61) As the returns [illegible] may be suppressed if it was found that in each society the no. of members in default, the Bank,

OFFICE OF THE SECOND MEMBER OF COUNCIL
28 OCT. 1930
No. 3377

WD 62553—50,000—GPB—8-29

18 1976

File No. of 193 . General and Revenue Secretariat

Extract this Hon'ble Mem. of cases in which suits have been filed, with amt. & the nos. in which suits have not been filed & the amt. thereof. Permit within 2 months

Sec
30/10/30

Sec
30/10/30.

Ce
30/10

62
Submit with draft letter to the Rep. It is for orders whether the Central Bank should also be addressed.

Sec
31/10 63 Please type as required Ce
1/11.

64.
Submit with typed draft.

Sec 65 Opr. for approval — Afterwards
1/11/30 [a copy may also be sent to the Bank. for info.]
A. Secy

Ce
3/11

67 Yes, with a covering letter to the President and omitting last paragraph marked A in the draft

Sec
3/11

68
Issue
Ce
3/11

D 4917 & 5/11/30 to the Rep. Cs. Issues orders instructions as per orders in paras 56 to 59 of the notes above

CHIEF SECRETARY'S
3 NOV. 1930

General and Revenue Secretariat | C.S File No. 40 | 87.86 of 1926 | App. F. III—21

776 3868 (4)

Serial No.

69

Subd with draft letter to the Prest Central Coopurative Bank as per orders in para 6 above

8/11 69 Issued 6/11

5/11

27 To The Prst Central Cooperative Bank Ltd No 5072 dt 8/11/30. Fds copy of letter to the Regr C.S regarding the recovery of long overdue loans from indebted Cooperative Societies.

GEN. & REV. SECRT. 24 NOV. 1930 REGISTRY BRANCH

29 Letter No 1617 dated the 10th Nov 30 from the President B'lore Central Cooperative Bank Ltd. enclosing a brief ~~list~~ summary of the discussion which took place at the meeting relating to the recovery of dues from the defaulter Societies, and stating that the Board may have to approach Govt again for relief if the action taken by the Regr be found not satisfactory.

70 Submitted for perusal and orders

Sd Lord 71 14/11/30 No action necessary at present. The further repn., if any, referred to in para 4 of the letter may be awaited.

Please also see para 5 where certain information required by Govt. has been furnished

Ch. Secy 72 Asst 21/11/30 Ca 18/11

2nd number)

WD 02553—50,000—GPB—8-7-30

OFFICE OF THE SECOND MEMBER OF COUNCIL 24 NOV. 1930 No. 1617 D.S

4156. 21.11.

SECRETARIAT OFFICE 24 NOV. 1930 ASSIST.

NOTE Contn. Sheet E

25/11 BRANCH. DEVELOPMENT BRANCH.

73 Ca 74 25/11/30 Ca 25/11

(25) File No. of 193 . General and Revenue Secretariat

No. 2057 dt 12.12.30

No 1617 dt 10/11/30 from the Pres. Central Cooperative Bank. Forwards Reports in Conf. q/Sl 29 and Extract from the Proceedings of the Board meeting held on 30/11/30 and requests that the Reg.rs may be instructed to furnish monthly Sts of recoveries made from time to time.

No 3237 dt 6/12/30 from the Reg.r Co - Reports that of the Societies indebted to the Bangalore Central Co-operative Bank Six of them have transferred their deposits from the Apex Bank to the Central Co-operative Bank towards adjustment of its dues and that no other Societies indebted to the Bank have any moneys in deposit in the Apex Bank.

Subt. The points for orders are:—

1) Whether the request of the Bank to required the Reg.rs to furnish the Bank with a St of recoveries effected month after month. The Bank may perhaps obtain this information by deputing one of its offrs monthly to the Reg.rs office for getting the information.

2) Whether the Reg.rs report may be sent for the info. of the Bank.

Tab 3/12/30 KD

76 The Reg.r has already been requested on 5.11.30 (Flag E) to furnish to the Bank within two months a Statement showing the result of the action taken by him

Sl

against the defaulting Cooties. The form of the statement was suggested by the 2nd Mtg. The Ch. Sec. desired me personally the other day to enquire of the Registrar whether the statement had been sent to the Bank or if not, to request him to do so early & also send a copy to Govt. for perusal. Before doing this, it is for orders whether the more elaborate form of the statement now suggested by the Bank (Flag C) should be adopted. From the account of the proceedings of the meeting of the 21st Oct. 1930 furnished by the Bank, it appears that the form was to be prescribed by the Bank & that this statement was to be followed by monthly statements. The file may, perhaps, be referred back to the Registrar for his remarks on the Bank's account of the proceedings of the meeting. He may also be requested to state whether he could furnish the statements required by the Bank.

77/ A copy of the Registrar's letter of 9/11 Dec. 1930 may be sent to the Bank for information

Ch. Sec

Ca 12/11/31

CHIEF SECRETARY'S 12 JAN. 1931

A 78 The Registrar may be asked whether the statement has been furnished to the Bank. He may send a copy of it to Govt for information.

In our letter to the Registrar, the terms of information to be given

NOTE—Contn. Sheet.

WD 01553—G PB—50,000—8-30

in the statement have been prepared and it is for the Registrar to devise a suitable proper [B] form. Form B prepared by the Bank however seems to be suitable and the Registrar may be asked to adopt it, to the extent possible.

[C] With reference to the Prosecutor's letter dated 10th Nov & 17th Dec 1930 he may perhaps be informed that a copy of our letter to the Registrar and to the Bank, [D] has indicated the help to be given to the Bank for the recovery of its dues, and they cannot undertake to do anything more. If the Bank want any additional information or assistance, they should apply to the Registrar.

Secd Member) 15/1

15/1

OFFICE OF THE SECOND MEMBER OF COUNCIL
15 JAN. 1931
No. 6334

[80] A-C. I agree

[81] B. The form proposed by the Bank is very elaborate. I do not think we should ask the High Court to insist such elaborate [82] by the Bank — the information that we have indicated is quite enough for the purpose of the Bank.

15/1/31

[82A] There fee of Rs 5 Rs 16/1

4781

23

App. F. III—2]

General and Revenue Secretariat — G.S. File No. 40 of 1926

Serial No.

82) 2 dfts for approval
A. Ley
ce 9/1

83) Issue
ncu
20
ce 21/1

19 JAN. 1931

33 The Regr Co. No 7707 d 22/1/31
Enquires whether the Central Cooperative Bank has been supplied with a Statt showing the action taken against the Societies indebted to it & if so to furnish a Copy of the Statt for information.

32 No 7708 d 22/1/31 to the Dist Central Cooperative Bank
Invites his attention to this office No 40729 d 8/11/30 and states that Govt Can do nothing more in the matter & that if any thing more is needed the Regr should be addressed in the matter.
No 7709 d 22/1/31 to the Regr Cs. Forwards Copy of the above.

Govt A
Lab GEN. & REV. SECRETARIAT
i/31 30 JAN. 1931
DEVELOPMENT BRANCH.

34 From the Regr Cs no 4116 d 27.1.31.
Submits the Statt Called for in Sl 33 above.

84) Subs a Copy of the Statt as furnished to the Central Cooperative Bank & the Regr Cs is forth up with a note against each item in the list ~~Getting for~~ which

Flag D

Note—Contn. Sheet

24

5247

S File No 60 of 192 6

General and Revenue Secretariat

Serial No.

Seems to require notice

~~Col HD~~ Gen is not apparent from the 31/1 statement what amounts have actually been recovered & credited to the Banks. In some many cases Mong't suits have been filed & decrees obtained years ago, the decrees have not yet been executed. The Regr may be requested to see that the pending suits are promptly disposed of & the decrees executed without further delay.

C. Ley 10/2

CHIEF SECRETARY. 10 FEB. 193

86 It is not necessary for Govt to issue any further instructions in the matter. The Bank will no doubt bring to the notice of the Registrar any means whereby the recovery of the Dues may be expedited.

Second Member 11/2/31

OFFICE OF THE SECOND MEMBER RECEIVED 11 FEB. 31 No. 1553

87 In the cases of the Banks suits filed will not cover the liability to the C.C. Bank. In many instances, where decrees against ~~the~~ borrowers have been passed - fresh suits should be filed without further delay; but in ~~those~~ cases where this is not possible how will the liability be met? (Presumably the joint liability of the members will have to be enforced).

Note–Contn. Sheet

11/2/31

11/2 11/2

5447 9-7-31

25

General and Revenue Secretariat | File No. 1671 of 193 . | App. F. III—2]

Serial No.	
34	Subd fair draft Ld KP * 89 above 18/7 23/7
35	To the Regr C.S. No D 8751 d 7.3.31 Observes that in the case of some of the societies the value of suits filed does not cover their liabilities to the C.C. Bank & that in a few of these cases there are defaulters against whom suits have yet to be filed & enquires how the liabilities will be met & whether joint liability may not be enforced where filing suits is impossible
36	No 5682 S. d 11/4/31 from the Rly Co. Reports that he has arranged for getting suits filed against all defaulters, that he has personally visited 14 indebted Societies during Feb & March last & that needful action is being taken on the lines indicated by GM. Sub 40 As regards enforcing joint liability he says that it can be resorted to only after all the assets of the indebted Society are realised. Submitted with reference to para 87 above. Ld KP 13/4 14/4

GEN. & REV. SECRETARIAT.
10 MAR. 31
DEVELOPMENT BRANCH.

Sub A
Ld
WB

NOTE—Contn. Sheet.

WD 02555—GPB—50,000—8 7 30

26

G. S. File No. 40 of 1926 | General and Revenue Secretariat

91 Rep. 2nd. Mon's minute (Para 87)
Mr. the Registrar says that steps are being taken to ascertain the views, and further action seems to be necessary at present
(H. Lee)
Ca 27/4

CHIEF SECRETARY. 28 APR. 1931

92. Please refer to the passages quoted by the Registrar and put up also a copy of the Report of Mr Townsend Committee
NCW 28/4
Ca 29/4

Subd. Necessary references to Calvert's work on Cooperation are made in the P. U. D as ordered. A copy of the Report of the Townsend Committee on Cooperation (Madras Govt) is not reported to be available in the G.R.S Lib'y. A copy has been asked to be obtained.
Cab 2/5 Ch. Lee Ca 5/5

copy put up. Copy not received in Br. Enquiries and ordering made. 11/5

Secy's Member) NCW 9/5/31 Ca 9/5

Secy. I agree in the view of the Rly re joint liability
Lee 11/5/31
NCW 12/5 Ca 12/5

CHIEF SECRETARY. 5 MAY 1931

OFFICE OF THE SECOND MEMBER OF COUNCIL 11 MAY 31 No. 9917

Subd with a Copy of Mr Townsend Committee Report - No further action seems necessary now.
Cab 18/5 Ch. Lee Ca 14/5

NCW 20/1/31, Ca 20/5

B Ed 20/5

GEN. & REV.

10340

G. R. S. III—8]

27

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Is there any rule or provision of law which requires a Bank to obtain the Regr's permission before filing a suit viz a civil court against another Society ?

Yes
23/6.
Ca
23/6

Subject Kind reference is invited to para 3 of Regr's letter No. 6522 Cs & 28/5/30. The Central Bank has been told by the Regr there is nothing in law to prevent the Bank from taking legal action against debtor Societies in their Corporate Capacities".

As regards relationship between Cooperative Central Financing with individual Societies Distributing Kind reference is invited to pages 105 to 109 of the Cooperative Manual.

(Portion marked on page 2 of P.U.D

N.B.—Should routine notes be written on small slips the notes must be copied, or slips pasted on this form.

L&R
23/6

Please see para 6 of P.U.O. On what authority does the Regr say that he will grant the "permission" on certain conditions

Ca
24/6

10340

G. R. S. III—3].

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Under Rule 16 of the Rules under the Co-op. Soc. Act the permission of the Registrar may be considered necessary as the debtor Society is a member of the central institution ~~adjudication~~ & the suit is between such member & the central Society -

Rule 16 does not permit of conditions being laid down. No permission appears to be necessary for filing a civil suit but if the dispute comes before the Registrar he can dispose of it in ~~either~~ one of the 3 ways mentioned in clause (i) of the rule. May the Legal Remembrancer be consulted in the matter

The Registrar may kindly be consulted

N. B.—Should routine notes be written on small slips the notes must be gipoed or slips pasted on this form.

Ch. Secy

No. Put up along with Rules

Copy of Rules sent.

CHIEF SECRETARY.
28 JUNE 1930

29

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Ch. Sec's instructions

1) To place the accompanying Pamphlet (2nd annual Report of the B'lore Central Co-op Bank) in the file connected with the Bank's representation about the Bank's working.

2) To take out a Civil Court decision ~~pertaining~~ authorising Civil Courts to permit filing of suit against Co-op Societies.

Please attend to this minute & return the file in question with the above information

Ch 9/9

Sub attended to. Ch 8/9

Sub attempts will be made to trace it & Ch Sec's letter. 8/9

Sub: Kind reference is invited to para 13 of the notes to Ss 40-26 which clearly states that Civil Courts have no jurisdiction in matters falling under Clause 44 (1) of the Mysore Co-operative Societies Reg. 2 VIII of 1918 and cited in support thereof 1 Mysore Law J. page 92; 47 All 376; A.I.R 1924 Lah 418 - From personal enquiries made, it has not been possible to trace out a Case where the Ch: Courts have authorised subordinate Civil Courts entertaining such Co-operative Suits.

Ch 16/9

N. B.—Should routine notes be written on small slips the notes must be gipoed, or slips pasted on this form.

ROUTINE NOTES

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Subject

As directed the Dy Regr chief Court was consulted & he referred to cited Beni Nath 28 Mysore 307 as the recent decision This seems to say that a dispute between a Society Cooperative Society & its member has to be submitted to the Regr for decision and unless this is done in the first instance Civil Courts cannot take up the cases. Incidentally the following question is raised & no decision has been pronounced :—

"It being a fundamental principle of law that the Courts have jurisdiction to try all suits of a civil nature except those of which their Cognizance is expressly or impliedly barred by an enactment for the time being in force & as the direction in Rule 16 (1) that the disputes referred to therein shall be submitted to the Regr for decision has the effect of debarring the Courts from taking Cognizance of them it is a question how far the bar imposed by the rule can be removed by any exercise of discretion on the part of the Registrar — What question it is said will arise for consideration in a Case in which that officer actually exercises such discretion & therefore the Court did not elect to pursue the matter further — the present position

N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

21

G. R. S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Therefore ~~that~~ it appears to be that
civil Courts cannot entertain Co-operative
suits in the first instance. Mysore 28 307
Ed. is put up & it was obtained
19/9 from the Govt. advocate [redacted]
Ref para 2.
There seems to be no decision of
Chief Court permitting Civil Courts
to entertain suits against Co-op. Societies
~~is~~ unidentified by the Registrar. Under
the available decision is against it.
(vide page marked in volume and ref.)
Ch. Rey
Ce
18/9

CHIEF SECRETARY.
18 SEP. 1930

Seen.

(The clerks of the Secretariat should
not carry on any correspondence about
Appeal Revisions. Mr Ramaswami
should be told that it was irregular
& have written to the Sub-Kanhah)

on the post

Nil
19/9/30.

He is now entirely at fault because
I told him to enquire in the Registrar's
office, though I did not tell him to
do so by letter. However, the above
remarks will be noted for further
guidance.
Ch. Rey
Ce
19/9

CHIEF SECRETARY.

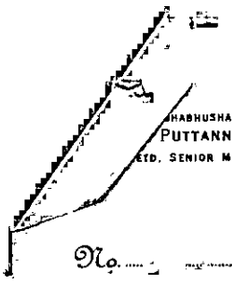
N. B. -Should routine notes be written on small slips
the notes must be [redacted] slips pasted on
this form.

Nil
21/9/30.
Ce
22/9

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]



SHABHUSHANA DEWAN BAHADUR
PUTTANNA CHETTY, KT., C.I.E.
LTD. SENIOR MEMBER OF COUNCIL
PRESIDENT

1, IV ROAD, CHAMARAJPET
BANGALORE CITY

Sept 6 1930

No.

28 Mysore Ch Ch
307

Dear Mr Ramaswami

As far as I am aware there is no definite decision of the Chief Court Authorizing Civil Courts ~~to permit the filing of suits~~ against Cooperative Societies, but there appears to be one which in an indirect manner authorizes the entertainment of suits against them in case the Registrar ~~for~~ refuses to

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

No. 2735
Encl one

8136

Bangalore.
Dated. 20th March 1930.

From

Rajasabhabhushana, Dewan Bahadur
Sir K.P.Puttanna Chetty, Kt, C.I.E.
President, Bangalore Central Co-operative Bank,Ltd.
Bangalore.

To

The Secretary to the Government of H.H.the Maharaja
of Mysore, Development Department,
Bangalore.

Sir,

Recovery of long overdue loans from Societies.

D 8135
AJ 3/4

With reference to your letter No.10043 dated 7th instant regarding the steps to be taken for the recovery of long overdue loans from societies, I have the honour to forward herewith an extract from the defaulters' list of 71 societies, from which it will be seen that for a total loan of Rs1,11,200/- due by 36 out of 70 defaulting societies, so much as Rs 70,600/- is due on account of interest and that in the majority of cases no payment has been received for 2 years and over in spite of the Government Order of 6th December 27 and that interest amounts to ,as much as the principal in some cases. In this embarrassing state of affairs, the Board see no help except to take immediate legal action against some of the worst societies in the 1st instance, unless the Registrar favours the Bank with a distinct assurance that the outstandings will be recovered from them early, irrespective either of the period of loan or the accumulated interest. I may point out that the total amount recovered from societies since the date of my letter of 18th December last is Rs2,150/- from half a dozen societies.

2 The Board have resolved that the matter should be represented to Government by a deputation of 2 members of the Board and I shall address a separate letter on the subject later on.

I have the honour to be,

S I R,

Your most obedient servant.

PRESIDENT.

EXTRACT FROM THE LIST

No	Name of Society.	Balance still due.	
		Principal.	Interest.
1	Mavalli Society.	337- 6- 0	243-12- 8
2	Hebbal Dairy Farming Society.	1596-10- 1	990- 5- 8
3	Automobile Co-operative Society.	2315-15- 6	1373-14- 6
4	Koramarapalya Society.	1056-14- 5	591-11-11
5	Gottigere Society.	256- 3- 1	181-15- 2
6	Balagere Society.	2567-15- 2	1219- 3- 6
7	Panathur Society.	3912-15- 0	3033- 9- 0
8	Mannekolala Society.	7946-10- 5	7695-10- 7
9	Varthur Society.	7189-12-11	5720-15- 1
10	Gunjur Society.	4458- 1- 3	5219-13- 9
11	Chickmankanala Society.	3515-12- 4	1431- 4- 3
12	Huskur Society.	4021- 4- 4	1960- 1- 7
13	Muppadighatta Society.	1959- 2- 0	300-10- 5
14	Madagondahalli Society.	1899- 3- 5	544-11- 6
15	Shyakaldevipur Society.	1894- 1- 3	1011-12-11
16	Hulegowdanahalli Society.	3374-13- 2	1297-14- 0
17	Gollahalli Society.	427-11- 4	221- 7- 3
18	Honganur Society.	1754-14- 1	667-14- 2
19	Annagere Society.	6450- 0- 0	5192-12- 0
20	Hottigonahosahalli Society.	7793-10- 9	6594-15- 3
21	Sidi Hosakote Society.	1670-15- 1	373- 3- 4
22	Huskur Mysore Amba Society.	71- 6- 1	56-12-11
23	Huskur Madduramba Society.	1900- 0- 0	1467- 6- 9
24	Tavarekere Society.	773- 0- 0	356- 8- 5
25	Kallappanahalli Society.	3673-10- 0	2834- 3- 0
26	Nandagudi Society.	2788- 0- 5	1295-13- 6
27	Ilthore Society.	409- 4- 6	216- 2- 4
28	Maliappanahalli Society.	5224- 9- 9	1915-15- 9
29	Atchatnahalli Society.	3850- 6- 2	1776-15- 0
30	Bellur Society.	4729- 3- 2	1528- 4- 7

OF DEFAULT SOCIETIES.

Date of last payment.	Date of loan.	Remarks.
3-10-1922	1- 5-1919.	These four societies are in the Head quarters of Bangalore. Nothing is known about their working.
17-11-1925	3- 1-1921.	
18- 5-1925	4- 2-1921.	
25- 6-1925	1- 5-1922.	
31- 3-1923	19-12-1914.	
5- 4-1926	6- 2-1915.	
21-10-1925	10- 9-1915.	
24- 8-1925	19- 1-1915.	
30- 1-1926	15-11-1915.	
1- 2-1928	17- 3-1914.	
3- 4-1928	18-12-1916.	
3- 4-1928	5-10-1915.	
17- 2-1928	1-11 -1916.	
11- 3-1928	1-10-1915.	
23- 8-1927	16- 9-1918.	
5- 1-1927	13- 3-1918.	
5- 2-1924	23- 9-1918.	
15- 9-1927	30- 9-1915.	
6- 1-1928	14- 8-1919.	
	31- 8-1914.	
12- 5-1928	21- 4-1917.	
8- 2-1921	2- 8-1913.	
9- 6-1927	16-12-1912.	
15- 1-1927	14- 2-1919.	
24- 2-1928	21- 9-1915.	
7- 5-1926.	4- 8-1916.	
2- 1-1926	6- 3-1913.	
15-12-1928	4-11-1919.	
	3- 1-1915.	
15- 4-1929	3- 1-1915.	

No	Name of Society.	Balance still due.	
		Principal.	Interest.
31	Huldevanahalli Society.	10079- 9- 2	7394-14- 8
32	Toralakki Society.	2363-10- 3	1270-11- 8
33	Dimbala Society.	341- 4- 3	244- 7-11
34	Thadigolla Society.	1413- 6- 0	945-13- 2
35	Gadare Society.	6126-12- 0	2953-13- 8
36	Shanka Society.	1058- 1- 7	554- 4- 6

" E X T R

Sec

Date of last payment.	Date of loan.	Remarks.
	6- 7-1914.	
14-11-1925	13-11-1916.	
28-12-1923	19- 1-1914.	
7- 3-1925.	10- 2-1917.	
	1- 8-1921.	
25- 5-1928	31- 3-1912.	

C T "

Secretary.

4.

Appendix F G—1

SUBJECT.....

.....

.....

Section C S.

File No. 40-26

Serial No. ~~15~~ 20.

No. D 11861/Pri (3)

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *192*

To The Regr Cs

Date of issue 19/4/30

Signed by G. L. S. F.

Sir

I am directed to forward herewith letter No 27358, 20-3-30 from the Pres: Bangalore Central Cooperative Bank ~~requesting~~ pointing out the necessity to take legal action against its debtor Societies and to enquire what Specific objections there are to the Bank taking such ~~his~~ legal action it wishes to take

I am &c

for Secy

List of enclosures.....

Copied by.....

Examined by.....

over

is requested.

J'have te

15 - 30

17 · 4

2 Boxes

Van Ch · Leer

C.S.40-26-21

6

No. 6522 C.S. & 2

DEPARTMENT OF CO-OPERATION.
GOVERNMENT OF MYSORE.

Telegraphic Address:
"CO-OPERT"
BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Dated, Bangalore, 27th May *193*0

28

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,
BANGALORE.

Dept (Co-op)
CHIEF SECRETARY.
28 MAY 1930

10340

To

N. Madhava Rao, Esq., B.A. B.L.,
Chief Secretary to the Government of His Highness
the Maharaja of Mysore, Bangalore.

Sir,

With reference to your letter No.D.11861/C.S.40-26-15 dated 22nd April 1930 forwarding letter No.2735 dated 20th March 1930 from the President of the Bangalore Central Co-operative Bank, Ltd., in the matter of the Bank taking legal action against its debtor societies and enquiring what specific objections there are to the Bank taking such action as it wishes to take, I have the honour to state as follows.-

2. As has been pointed out by me more than once, the Bangalore Central Co-operative Bank financed societies without adequate safeguards and without exercising that discretion and care which any banker would ordinarily do. It did not scrutinise the applications for loans from societies properly with reference to securities offered by the individual members of societies for whose benefit the societies were given loans and their repaying capacity and did not see that the loans drawn from the Bank were utilised for the purposes for which they were applied for and sanctioned. It did not keep itself informed about the condition of its debtor societies and the borrowing members by maintaining the necessary field staff. It did not care to check defaults. Even the one Inspector, whose services were placed at its disposal, was utilised more for desk-work in the Bank than for proper inspection and recovery work. The responsibilities of the financing Banks are great in this respect and are clearly narrated by the Mysore Co-operative Committee in their Report (vide para 145 of the report).

3. I have already intimated to the authorities of the Central

Central Co-operative Bank in my letters Nos.581/C.S. dated 27th July 1929 and 3554/C.S. dated 23rd December 1929 that there is nothing in law preventing the Bank from taking legal action against the debtor societies in their corporate capacities, that they can sue the societies, and obtain decrees against them. I have also pointed out that such a procedure will not enable the Bank to recover its outstandings and that the easier procedure is to get suits filed against the individual borrowers of societies, obtain decrees, get the decrees executed and credit the amounts ~~xxxxxxx~~ realised in the execution of the decrees to the Bank. From the correspondence received from the Bank, the authorities seem to be anxious "to test the scope and significance of unlimited liability" by filing suits against the societies in their corporate capacities. The Bank seems to be under the delusion that the decree obtained against the society in its corporate capacity can be enforced against any member of the society. But, as a matter or fact, decrees against the societies in their corporate capacities cannot be executed in this manner. Our societies are not societies of absolute unlimited liability. The liability of the share holders can be enforced only after all the assets are realised, for making up the amounts required to meet the claims of the creditors. According to section 42 (2) (b) of the Co-operative Regulation this liability i.e., contribution to the assets of the society, can be enforced only by the liquidator. I have inrormed the Bank of all these facts.

4. The expenses of litigation particularly in the Civil Courts are heavy. All such expenses would fall upon the shoulders of the societies and eventually on the members after the societies are placed in liquidation. Is it fair and reasonable that for the unbusinesslike transactions of the Bank in not having exercised that discretion and care which any ordinary banker would have exercised, the poor members of the rural societies should be fleeced by way of contributions ~~to~~ to the assets of the debtor societies? All possible action should be taken against the members, who have borrowed, for the recovery of the sums due from them and the moneys realised thereby should be credited to the Bank. Should however such realisations fall short of the amounts

amounts alleged to be due to the Bank, and the societies have no other assets to proceed against, the proper course open to the Central Bank is to write off such irrecoverable claims from out of the accumulated reserve and surplus funds of the Bank. The societies themselves have to lose their paid-up share amounts, reserve and other funds, if any. The enforcement of unlimited liability has to be adopted as a last resort only in exceptional cases justifying the course or action, such as combined fraud, deception etc.

5. The Department has taken the necessary action for the recovery of the outstandings. Suits have been got filed against all the defaulters in the majority of the indebted societies and the decrees are in various stages of execution. The Revenue Orficers have been requested to expedite the execution of these decrees, in particular. In some cases the societies themselves have become auction purchasers for want of proper bidders and sale certificates have been obtained and the properties are under disposal. In other cases, sale certificates have been applied for and moneies are being slowly recovered. The process of recovery is bound to be not so quick as the Bank expects. What the Bank was not able to recover in 20 years cannot be certainly recovered in a couple of years. If the Bank so desires, I shall gladly arrange for a transfer to it of all the decrees obtained by the societies against their members and then it can itself proceed in the matter and effect recoveries as quickly as it can.

6. As however the authorities of the Central Bank seem to think that, by filing against the societies, they would be enabled to recover all their outstandings quickly, I shall have no objection to grant the permission so anxiously sought for by them, subject to the following conditions:-

(i) After obtaining decrees against the societies the Bank should not ask me to place the societies immediately under liquidation and appoint a liquidator unless and until it is proved to my satisfaction that all the recoverable assets of the societies have been properly

properly realised.

(ii) Where it is found that the members of the societies have not been parties to any fraudulent transaction, they should not be compelled to pay by way of contribution to the assets any sums beyond what are actually due by them to the concerned indebted societies. The references received from Government are herewith returned.

I have the honor to be,
Sir,
Your most obedient servant,

K H Ramayya

Registrar.

27.8.80

The object of the deputation is -

1. to place before Government the difficulties experienced in the recovery of long overdue loans from Societies to which loans were granted entirely on the recommendation of the Registrar & also on his assurance that "UNLIMITED LIABILITY" of all the members of the borrowing societies would be the security to the loans granted to them by the Bank and to seek necessary relief from Government in the matter of recovery of heavy overdue debts,
2. to urge on the favourable consideration of Government the points justifying the retention of the maximum rate of 10 per cent dividend fixed by Government ten years ago after consideration of all circumstances.

I. Recovery of default loans from societies.

Number of societies indebted to the Bank is 6 7.

Amount due by them is Rs. 2 6 9, 4 5 0/- of which 9 1, 0 6 7 is interest due as per reduction of the rate of interest & the revision of adjustments made from the very commencement of the transactions with them.

Loss to the Bank thereby. Rs. 8 0, 0 0 0.

Period of default. varies from five years to 15 years.

The lamentable condition of societies as revealed by the inspection reports of the Inspector was brought to the notice of the Registrar over 8 years ago & his valuable assistance was sought in the matter of recovery of default loans from them. Suits filed in the Regeistrar's Court against certain societies 9 nine years ago remain undisposed of. To one of our reminders, the Registrar was pleased to observe that the Bank would have done well to have consulted the Registrar before fil-

ing suits against certain societies & to advise the Bank to withdraw the suits early & also abandon the idea of suing them in a Civil Court. Every time the Bank urged for the speedy disposal of the suits already filed against certain societies, the advice to withdraw the suits was repeated by the Registrar. The Board's inability to withdraw the suits was communicated to the Registrar seven years ago & he was requested to favour the Board with the provisions of Law under which the Bank may be asked to withdraw the suits filed against its debtor-members. The letter remains unanswered. The matter is under correspondence.

*over 6 years ago.

Owing to the delay in the disposal of suits filed already & the withholding of permission to file suits in the Civil Courts against certain other societies, complications have arisen. Several members of debtor-societies have been in the meanwhile allowed to drop off just to escape from the enforcement of "UNLIMITED LIABILITY", while some others have otherwise disposed of their properties to avoid "UNLIMITED LIABILITY" & suits have not been filed against several defaulting members of debtor-societies or execution proceedings taken promptly to enforce the decrees. It is not known whether the Law of Limitation affects such cases & if it does, it has not been found possible in the existing condition of societies to ascertain the number of cases affected by it.

For obvious reasons, the Bank cannot sue the individual members of defaulting societies & the management of the societies concerned has been reluctant to take prompt legal action against the defaulters as, in the majority of cases, the management itself is indebted to the societies & is therefore liable to be sued first.

The Bank cannot under the Rules in force sue the Societies in Civil Courts without the permission of the Registrar who has not disposed of the suits filed over

by the Bank over 8 years ago.

The delay in complying with the repeated requests of the Bank in this matter has complicated matters & has placed the Bank in risky position. Even the indebted Societies in the City of Bangalore which are in a hopelessly bad condition are left unnoticed as was represented to Govt. sometime ago.

In view of these troubles & impediments, the shareholders in the last General Meeting of the Bank decided on the motion of Rao Bahadur M.Shama Rao that the Govt. be moved to modify Rule 16 (i), (ii) of the Rules under the Co-operative Societies Regulation, so as to allow the Bank the discretion of selecting the course which it might deem proper for the recovery of its loans from its members whether Societies or individuals.

In their order of the 6th December 1927, Govt. authorized the Bank to take such legal action against societies for the recovery of dues from them as might be permitted by Law in regard to societies which failed to settle their loan accounts within six months by taking advantage of the concessions granted to them by the Bank. On the strength of the above Order of Govt., the Bank did not advisedly take legal action against defaulting societies, just to avoid the possible chance of refusal on the part of Civil Courts to entertain the suits filed by the Bank on the ground that the Registrar's formal permission had not been obtained beforehand. To avoid further inconvenience to the Bank, the Board request that the Bank might be exempted from the operation of the above Rule 16 (i), (ii) and allowed the discretion of taking such legal action as it might deem proper.

II. Retention of the existing Maximum rate of 10 per cent Dividend.

The points justifying the retention intact of the existing Maximum rate of 10 per cent Dividends fixed by Gov-

13

ernment ten years ago have been elaborately set forth in letter No.898 of the 11th September 30 & also in the Proceedings of the last General Meeting of the Bank held on the 14th idem.

Distinction has to be made between an institution whose jurisdiction extends all over the State & a primary society whose jurisdiction is limited. (Vide pp. 232-3, para 3. Calverts Law & principles of Co-operation, 1926).

The sixth conference of Registrars recorded the opinion that dividends should be limited by a Rule of the Local Government. This has been adopted. The following are the maximum rates of dividends prevailing in the several British Indian Provinces.

Burma.	20 per cent.	
Behar & Orissa.	12½ " "	
The Punjab.	10 " "	
Coorg.	10 " "	
Bombay	10 " "	without any res-
United Provinces	10 " "	restriction what-
and at 12 per cent in case the Reserve Fund exceeded one-fourth of the Share Capital.		ever in regard to the grant of additional bonus which is said to be not uncommon.
Bengal.	12½ " "	

The general principle governing the maximum rate of dividend is that it should be about 3 per cent over the rate paid on deposits.

Sir B.N.Mitra who was kind enough to visit the Bank & make enquiries about its working observed that the rate of 10 per cent dividends was not at all high & that the present rates of interest charged on loans made by the Bank were reasonable.

In view of the present precarious condition of the money market& other unfavourable circumstances, the existing maximum rate of 10 per cent dividend be left undisturbed

Supplement to the accompanying Notes.

The inattention of the Department towards the Societies may kindly be made out from the condition of the following Head Quarter Societies.

Name of Society.	Amount due. Principal	Interest.	Remarks.
Mavalli Society, B'lore City.	337	264	No payment from 1922.
Hebbal Do, "	1596	1086	Do from 1925
Automobile Do. "	2315	1512	Do Do.
Koramarapalya "	1056	655	Do Do.

Repeated personal representations by the Secretary to the Registrar about the said Societies have had no effect. The last mentioned two Societies are in a most precarious condition. The President of the last Society is understood to have entangled himself in serious troubles. The Account Books &c., are understood to be not available.

As regards the Dividend question, the Board may perhaps be asked whether by lowering the rate of dividends it will not be possible to reduce the rate of interest on loans.

The rate of interest on loans depends not on dividends, but on the condition of money market. No loan at a far lower rate than that prevailing in the market is possible for obvious reasons & the Bank cannot be sure of attracting the required capital unless the rate of interest on deposits is made sufficiently attractive.

The number of loan applications now pending disposal is 71 & the amount involved is 5 lakhs, 37 thousand. The amount available to meet these damands is only 3 lakhs. There is thus the necessity to offer higher rates of interest on deposits.

In order to regulate the rate of interest on loans, the following extract from Wolff's Co-operative Banking may be of interest.

"State help is not desirable on any account. It relaxes the fibre of responsibility instead of stiffening it. It turns people's thoughts away from self help. It is gratifying to me to find that in India it has been my pleading against State help which has determined Lord Curzon to cut it down to a minimum. But even within such narrow limits, Mr. Hope Simson's first Annual Report shows how it has worked mischief. The State cannot make advances at a high rate of interest. It has made them in India at the rate of 4 per cent. That has led local banks to grant loans at from 7 to 9 per cent., whereas no self sustaining co-operative bank can as yet grant them at less than 12 per cent. The lower interest artificially produced has, accordingly, spoilt the game for self-help banks, led borrowers to expect gifts, rather than loans on business-like terms and frightened them away, in some cases altogether, from banks which cannot subsidize them at the general tax payer's expense."

The views of the Board exactly coincide with the above.

6
21/10/30

THE BANGALORE CENTRAL CO-OPERATIVE BANK. LTD. BANGALORE CITY.

LIST OF LOAN APPLICATIONS PENDING DISPOSAL.

SERIAL NO	NAME OF TALUK.	NAME OF VILLAGE.	NAME OF APPLICANT.	AMOUNT OF LOAN APPLIED FOR
				Rs
		BANGALORE DISTRICT.		
1.	Bangalore.	Bangalore city.	Mrs. Lakkamma	2,000/-
2.	Channapatna	Hampapur Doddi	Mr. Kare Gowda	2,000/-
3.	Bangalore	Bangalore city	Mrs. Lakshamma	8,000/-
4.	Bangalore	Yelahanka	Kodagihalli Muniappa	4,000/-
5.	Channapatna	Ramapura	Hanume Gowda	2,000/-
6.	Bangalore	Bangalore city	V.Arumugam Modaliar	3,000/-
7.	Nelamangala	Jodi Kempapura Agrahar	Patel Gangiah	2,000/-
8.	Bangalore	Bangalore City	V.Venkatasubbiah	15,000/-
9.	Bangalore	Bangalore City	B.Tirumala Char	6,000/-
10.	Nelamangala	Bennegere	Balagange Gowda	2,000/-
11.	Channapatna	Channapatna	Krishna Bai	6,000/-
12.	Bangalore	Bangalore city	K.Muninarashimhiah	3,500/-
13.	Bangalore	Yesavanthapur	N.Sidda Reddy	2,000/-
14.	Magadi	Tavarekere	Anjanappa bin Hanumiah	2,000/-
15.	Bangalore	Dyavasandra	Venkate Gowda	6,000/-
		TUMKUR DISTRICT.		
16.	Tiptur	Nagathihalli	Honne Gowda	3,000/-
17.	Tiptur	Chickkahonna-valli	Sambe Gowda	5,000/-
		KOLAR DISTRICT.		
18.	Goribidanur	Sabbanahalli	Obala Reddy	4,000/-
19.	Chintamani	Gerahalli	Nareppa	15,000/-
20.	Bowringpet	Bowringpet	M.V.Ramalingam	25,000/-
21.	Goribidanur	Manchanahalli	Bylappa & Siddayya	5,000/-
22.	Gudibande	Lakkenahalli	Gurappa	2,000/-
23.	Gudibande	Lakkenahalli	Venkata Reddy	2,000/-

S.NO	NAME OF TALUK.	NAME OF VILLAGE.	NAME OF APPLICANT.	AMOUNT OF LOAN APPLIED FOR
		MYSORE DISTRICT.		Rs
24.	Mysore	Mysore	M.Sivaram	20,000/-
25.	Mysore	Mysore	A.R.Srikanta Sharma	10,000/-
26.	Chamarajanagar	Haradanahalli	Doddasidda Setty	10,000/-
27.	Yedatore	Galigekere	G.S.Narasimhiah	2,500/-
		HASSAN DISTRICT.		
28.	Hassan	Hassan	H.Govinda Setty	4,000/-
29.	Arsikere	Chikondahalli	Basalinge Gowda	4,000/-
30.	Arsikere	Chikondahalli	Malure Gowda	6,000/-
31.	Belur	Belagavalli	B.R.Gurulinge Gowda	5,000/-
		SHIMOGA DISTRICT.		
32.	Shimoga	Shimoga	D.M.Panchaksharappa	35,000/-
33.	Shimoga	Bhadravati	M.Devaraja Moodaliar	10,000/-
34.	Shimoga	Bhadravati	G.Savalingappa	3,500/-
35.	Shimoga	Santhe Kadur	Sanna Thimmanna	5,500/-
36.	Shimoga	Kanakatte	Syed Abdul Gaffoor	3,500/-
37.	Shimoga	Shimoga	B.Narayana Moorthi	4,000/-
38.	Shimoga	Bharandur	Nagendra Rao Gidde	4,000/-
39.	Shimoga	Bhadravati	G.N.Sivalingappa	9,000/-
40.	Shimoga	Dummahalli	Phakirappa	3,500/-
41.	Shimoga	Shimoga	K.S.Manjappa Setty	2,000/-
		CHITALDROOG DISTRICT.		
42.	Chitaldroog	Beeravara	Gowdara Thimmappa	8,000/-
43.	Hiriyur	Dharmapur	M.Abdul Razak	6,000/-
44.	Harihar	Bannavalli	Bannikodu Ramachendra Rao	2,000/-
45.	Hiriyur	Adivala	Gunteppa	6,000/-
46.	Challakere	Chikkanahalli	Gonchikar Nagappa	5,000/-
47.	Chitaldroog	Sirige	Yaragattahalli Mahadevappa	2,500/-
48.	Chitaldroog	Thopur Malige	Lakshmayya	6,000/-
49.	Hiriyur	Hiriyur	Rangappa	2,000/-
50.	Harihar	Harihar	B.Hanumantha Char	2,500/-

S.NO.	NAME OF TALUK.	NAME OF VILLAGE.	NAME OF APPLICANT.	AMOUNT OF LOAN APPLIED FOR
		KADUR DISTRICT.		Rs
51.	Narasimharajapura	Narasimharajapura	B.N.Subba Rao	12,000/-
52.	Chickamagalur	Hosahallipet	Abdul Wahab	15,000/-
53.	Chickamagalur	Hosahallipet	Gulam Mohayudeen	12,500/-
54.	Chickamagalur	Hallihithalu	Rame Gowda	10,000/-
55.	Chickamagalur	Hebbahalli	Eregowda	5,000/-
56.	Chickamagalur	Chickamagalur	V.Guruswami Naidu	8,000/-
57.	Chickamagalur	Chickamagalur	D.Veeranna Gowda	8,000/-
58.	Chickamagalur	Kudavalli	K.Subbayya	30,000/-
59.	Chickamagalur	Hosahallipet	Abdul Jalleel Sab	12,000/-
60.	Chickamagalur	Hosahallipet	Abdul Muttali Sab	15,000/-
61.	Chickamagalur	Machagondanahalli	Handi Abdul Karim Sab	10,000/-
62.	Chickamagalur	Basanthakki	Anne Gowda	4,000/-
63.	Chickmagalur	Santhihalli	Manje Gowda	5,000/-
64.	Mudagere	Baggasagodu	Putteshame Gowda	12,000/-
65.	Chickamagalur	Chickamagalur	C.Vasudeva Rao	6,000/-
66.	Chickamagalur	Lakshmipur	Kalachari	2,000/-
67.	Chickamagalur	Mallegevarahalli	Huchappa	2,000/-
68.	Kadur	Sakrepatna	Basappa alias Venkatanaik	2,000/-
69.	Tarikere	Huchayyanakatte	Kadare Gowda	4,500/-
70.	Chickamagalur	Bagemane	B.A.Channe Gowda	45,000/-
71.	Kadur	Nanjappanahalli	Papanna	9,000/-
			TOTAL.	5,37,000/-

List of Societies indebted to the Bangalore Central Co-operative Bank Ltd., as on 30th September 1930.

No.	Name of Society.	Date of Issue.	Amount of Principal.	Interest.	Date of last payment.
	Bangalore City.		Rs.	Rs.	
1.	Mavalli C.S.	1- 5-1919	337	264	3-10-1922.
2.	Hebbal Dairy Farming C.S.	3- 1-1921	1,596	1,086	17-11-1925.
3.	Gangamacheri C.S.	12- 3-1921	329	72	20-10-1928.
4.	Automobile C.S.	4- 2-1921	2,315	1,512	18- 5-1925.
5.	Koramarapalaya C.S.	1- 5-1922	1,056	655	25- 6-1925.
	Bangalore Taluk.				
6.	Gottigere C.S.	19-12-1914	256	197	31- 3-1923.
7.	Balagere C.S.	6- 2-1915	2,567	1,373	5- 4-1926.
8.	Panathur C.S.	10- 9-1915	3,912	3,268	21-10-1925.
9.	Doddakannali C.S.	6- 1-1914	1,093	287	27- 1-1930.
10.	Mannekolala C.S.	19- 1-1915	7,946	8,172	24- 8-1925.
11.	Varthur C.S.	15-11-1915	7,189	3,158	7- 5-1930.
12.	Gunjur C.S.	17- 3-1914	4,458	5,487	1- 2-1928.
	Doddaballapur Taluk.				
13.	Bypanahalli C.S.	6- 9-1917	4,702	3,151	19- 6-1929.
14.	Hadripur C.S.	25- 5-1914	1,130	151	21-8- 1929.
15.	Chikahejjaje C.S.	18-12-1916	3,515	1,642	3- 4-1928.
16.	Chikamankanala C.S.	18-12-1926	196	42	2-10-1928.
17.	Huskur C.S.	5-10-1915	4,021	2,201	3-4-1928.
18.	Muppadighatta C.S.	1-11-1916	1,959	418	17-12-1928.
19.	Madagondanahalli C.S.	1-10-1915	1,899	658	11- 5-1928.
20.	Doddabelavangala C.S.	11- 3-1926	21	1	8- 5-1930
21.	Syakaldevipur C.S.	26- 9-1918	756 } 893	488 } 1124	23- 8-1927.
	-do-	26-11-1919	1,137 }	636 }	5- 5-1927.
	Nelamangala Taluk				
22.	Thimmasandra C.S.	17-11-1913	1,891	652	15- 3-1930
23.	Byaderahalli C.S.	12-1- 1914	3,642	330	30-12-1929
24.	Hulegowdanahalli C.S.	13- 3-1918	3,374	1,500	5- 1-1927
25.	Basavanahalli C.S.	21- 8-1919	2,301	78	19- 9-1930.
26.	Gollahalli C.S.	23- 9-1918	427	247	5-12-1924.
27.	Arsinkunte C.S.	23- 3-1920	1,065 } 1128	41	4- 6-1930.
	-do-	25- 5-1918	63 }	2	4- 6-1930.

No.	Name of Society.	Date of Issue.	Amount Due. Principal.	Interest.	Date of last payment.
28.	Channapatna Taluk.		Rs	Rs	
28.	Lalaghatta C.S.	17-10-1919	5,501	2,814	30-6-1930.
29.	Honganur C.S	30- 9-1915	894	411	31- 1-1929.
	do	28- 8-1917	860	361	15- 9-1927.
30.	Annagere C.S.	14- 8-1919	6,450	5,179	12- 7-1930.
31.	Mungadihalli C.S.	10-12-1913	1,842	808	27- 2-1930.
32.	Hottiganahosalli C.S.	31-8- 1914	2,354	1,367	21- 8-1930.
	do	17- 7-1916	5,439	5,095	12- 2-1930.
	Anekal Taluk.				
33.	Sidi Hoskote C.S.	21- 4-1917	1,325	70	22- 4-1930.
34.	Attibele C.S.	5- 3-1917	7,968	1,677	2- 5-1930.
35.	Bidaraguppe C.S.	1-11-1913	210	64	4- 1-1927.
36.	Huskur Sri Mysore Amba CS	2- 8-1913	71	61	8- 2-1921.
37.	Huskur Sri Madduramba "	16-12-1912	1,900	1,581	9- 6-1927.
38.	Bukkasagara C.S.	30- 5-1921	1,110	186	2- 5-1929.
	Magadi Taluk.				
39.	Tavarekere C.S.	14- 2-1919	773	402	15-11-1927.
40.	Yennagere C.S.	6-11-1913	545	6	23- 8-1930.
41.	Kudur C.S.	27- 6-1914	4,668	537	17- 2-1930.
	Hoskote Taluk.				
42.	Kalappanahalli C.S.	21- 9-1915	3,673	3,054	24- 2-1928.
43.	Nandagudi C.S.	4- 8-1916	2,788	1,463	7- 5-1926.
	Devanhalli Taluk.				
44.	Ilthore C.S.	6-12-1913	409	240	2- 1-1926.
	Closepet Taluk.				
45.	Hunsenahalli C.S.	16-11-1917	1,949	371	2- 5-1930.
46.	Byramangala C.S.	10-4-1917	7,078	3,229	14- 4-1930.
47.	Jalagangala C.S.	15- 4-1921	4,524	2,313	11- 9-1930.
	Kolar Taluk				
48.	Maliappanahalli C.S.	4.11.1919	5,224	2,229	15-12-1928.
49.	Sulur C.S.	25. 9.1915	1,809	769	30-12-1929.

20

No.	Name of Society.	Date of Issue.	Amount Due. Principal.	Amount Due. Interest.	Date of last payment.
	Malur Taluk		Rs	Rs	
50.	Atchatnahalli C.S.	3- 1-1925	3,850	2,008	30- 7-1929
51.	Bellur C.S.	3- 1-1915	4,729	1,812	15- 4-1929
52.	Nonamangala C.S.	25- 8-1920	112	26	23- 5-1928
53.	Huldevanahalli C.S.	6- 7-1914	1,762 } 9,079	1,163 } 8,099	7- 2-1930
	do	16- 6-1915	8,317 }	6,836 }	7-2- 1930
54.	Toralakki C.S.	13-11-1916	2,363	1,412	14-11-1925
55.	Kudiyanur C.S.	16-12-1913	852	86	25-10-1929
56.	Chikballapur Taluk.				
56.	Posettihalli C.S.	26- 3-1918	53	32	16- 9-1925
57.	Andarlahalli C.S.	13-11-1920	299	48	27- 4-1929
58.	Srinivasapur Taluk				
58.	Dimbala C.S.	19- 1-1914	341	265	28-12-1923
59.	Thadigolla C.S.	10- 2-1917	1,413	1,030	7- 3-1925
	Sidlaghatta Taluk				
60.	Godimanchanahalli C.S.	12- 6-1920	598	19	24- 6-1930
61.	Goribidnur Taluk				
61.	Gadare C.S.	1- 8-1921	6,126	3,228	15- 3-1930
	Tumkur Taluk				
62.	Nelhal C.S.	12- 3-1913	1,455	63	24- 5-1930
	Chennagiri Taluk				
63.	Chennagiri Federal Co-operative Bkg.Union.	6- 3-1916	243	31	29- 4-1929
	H a s s a n Taluk				
64.	Kandali C.S.	21- 3-1911	468	280	25- 5-1929
65.	Nittur C.S.	30- 6-1912	753	18	17- 7-1930
66.	Sankha C.S.	31- 3-1912	1,058	617	25- 5-1928
	Bangalore City.				
67.	The Bangalore Bldg.C.S.		9,046		

Appendix F'G—1

SUBJECT.....

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Section C.S.

File No. 40-26

Serial No. \

No. D 745

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *193*

To

The Secy Bangalore Central Co-operative Bank Ltd Bangalore

Date of issue 16/7/30

Signed by H.C.E. Newbery

Sir,

With reference to your letter No 2735 & 20.3.30 regarding the recovery of long overdue loans from Societies, I am directed to ~~inform~~ state you that further Communication promised in the last ~~your~~ your letter in the matter is awaited.

I have &c

Ca 15/7/30

Jr Ch Secy

List of enclosures.....

Copied by.....

Examined by.....

Cover

No. 242
ENCLS. -

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the 22 July *19* 30.

C. S. 40-26-R

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.

To

The Chief Secretary to the Government of His Highness
the Maharaja of Mysore, Bangalore.

SIR,

With reference to your letter No. D 745 dated the 16th ~~current~~ instant, regarding the recovery of Overdue Loans from Co-operative Societies, I have the honour to state that the further representation referred to in the second para of my letter No.2735 of the 20th March last will be made next month.

I have the honour to be,
Sir,
Your most obedient Servant,

K P Puttanna Chetty

President.

23

GEN. & J. 1976
DEVELOPMENT BRAN. A

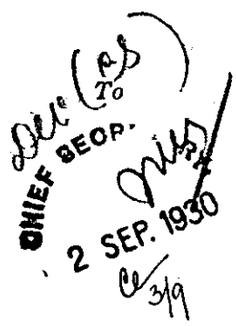
No. 805.
ENCLS.

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the 30th August *19* 30.
1st September

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.



The Chief Secretary to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

SIR,

In continuation of my letter No.242 dated the 22nd Ultimo, I have the honour to request the favour of being informed of the date on which the deputation of two Members of the Board with the Secretary of the Bank may wait upon the Government to represent the grave and unhappy situation created for the Bank by a large number of defaulting societies withholding with impunity payment of the long and heavy outstandings.

I have the honour to be,
Sir,
Your most obedient Servant,

P r e s i d e n t.

24

No. 846
ENCLS.

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the 3rd September *19* 30

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.

Adv. Pro

To

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore.
Bangalore.

SIR,

In continuation of my letter No.805 dated the 30th Ultimo, I have the honour to request that any day convenient to Government after the 15th Instant may kindly be fixed and intimated to me.

I have the honour to be,
Sir,
Your most obedient servant,
K P Puttanna Chetty
President.

G. R. S. App F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

25 G 40-26

D 2848 81 N —

9/5/30

To The Pres. Bangalore ~~City~~ Central Co-operative Bank Ltd

Sir,

With reference to your ltr No 816 of 3/9/30 requesting that a day may be fixed convenient to you ~~for a deputation to wait~~ to meet a deputation for discussing the difficulty experienced by the Bank in recovering its dues from debtor Societies, I am directed to state that a date will be fixed on the return of the Secretary to Council from leave.

I have &c

Dtd 10/9/30

Signature illegible

WD 0327—GPB—10,000—18-5-27

Asst Secy to Govt

Appendix F G—1

Two drafts 26

SUBJECT.....

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Section C

File No. 40-26

Serial No. /

No. D. 3876

Diary No. of letter replied to D1976

General and Revenue Secretariat

( )

the *193*

To The Regr Cs

Date of issue 14.10.30

Signed by Mr. C. E. N

25 9/30

Sir,

I am directed to invite reference to this Office Ltr No 498 Cs 127-29. inviting your views re the amendment to Rule 18 of the Rules under the Cooperative Societies Regn and to request you to be so good as to return the file with your opinion immediately

I have &c

Ce 14/10

for Ch Secy

List of enclosures.....

Copied by.....

Examined by.....

[over

WD 02559—GPB—25,000—25-6-30

Appendix F G—1

27

SUBJECT.....

.....

.....

Rough draft

Section G

File No. 40 - 26

Serial No. 25

No. D 3877.

Diary No. of letter replied to..... D 1976

General and Revenue Secretariat

( )

the *193* .

To The President

Bangalore central Co-operative Bank Ltd

Bangalore.

Date of issue..... 14. 10. 30

Signed by..... P. E. Nod.

Sir, -

In Continuation of this office letter No D 2948/cs 40-26 & 10 9/30, regarding the fixing of a date for the meeting of a deputation from the Bank, I am directed to inform you, that it will be convenient for meeting the deputation on the 21st inst at 4 P.M. ----- I have &c

List of enclosures.....

Copied by.....

Examined by.....

that 4 pm on the 21st will suit the 2nd Members of Council to meet the deputation in his Chambers.

[over

WD 02559—GPB—25,000—25-6-30

for Ch. Secy.

28

D 4086
Cs. 40-26

17th October xxx 1930

K. H. Ramayya Esq., B.A., Bar-at-Law.,
Registrar of Co-operative Societies in Mysore.

I am directed to state that a deputation from the Bangalore Central Co-operative Bank will wait on the Second Member of Council on the 21st instant at 4 P.M. to discuss the

1. Permission to sue in Court unlimited co-operative Societies who are indebted to the Bank.	marginally noted subjects and to request you to be so good as to be present on the occasion with the file re: amendment to Rule 18 of the
2. Action to be taken re: Bangalore Automobile Co-operative Society.	
3. Maximum dividend payable by co-operative institutions - amendment of rule 18 of the Rules under the Co-operative Societies Regulation.	

Co-operative Societies Regulation sent to you unofficially on 25th September 1930.

2. The notes of inspection of the several societies indebted to the Central Co-operative Bank sent to you with this office No.D.2718/Cs.31-30-2 dated 5th September 1930 may be kindly brought with you at the time.

I have the honor to be,

Sir,

Your most obedient servant,

17/10

For Chief Secretary to Government.

B.K.M.

C.S. 40-26-26

8417

29

To

The Registrar,
Co-operative Societies in Mysore

Sir,

With reference to correspondence ending with your letter No.6522/C.S. dated 28th May 1930 regarding the request of the Bangalore Central Co-operative Bank Ltd., for assistance in the recovery of its debts from certain Co-operative Societies, I am directed to ~~state~~ that ~~it was explained by you at the meeting held~~ in this connection at the Secretariat on the 21st October last, that ~~60 out~~ of the 65 societies indebted to the Bank had filed suits, at the instance of the Department, against their defaulting members and that the amounts recovered ~~as a result of~~ in these suits would be credited to the Bank. The representatives of the Bank ~~then agreed~~ intimated that if action on these lines was taken against all the defaulters, they would be quite satisfied and would not press for permission to file suits against societies either before you or in civil courts.

2. I am to request you to be so good as to take action on the above lines and to arrange to furnish to the Bank within two months, a statement giving for each society details of the number of members in default, the extent of their liabilities, and the number of cases (with the amounts involved) in which suits have and have not been filed. On receipt of this statement, it is for the Bank to

invite attention to the Proceedings where it was agreed at that you will request on the subject when the representatives of the Bank and the Deputy Member of Council met

Dated 5/11/30

Signed H.W. C.S. November

to consider what steps if any it should take to ~~xfx~~ safeguard its interests. So far as the department is concerned, it ~~will~~ shall see that suits are filed and diligently prosecuted against defaulting members of societies, in every case - where such a course ~~xx~~ is possible.

3 Further, the bank's representatives stated that in some cases monies recovered from the indebted societies were kept in deposit in the Apex Bank instead of being made over to the Central Bank in discharge of its dues. I am to request that a report may be submitted to Govt on ~~as to how far this complaint is well founded.~~ his representation.

4. They also suggested that in a few cases at least where, owing to the perpetration of fraud or other special reasons the ordinary remedies were barred or were likely to prove infructuous, the unlimited liability of members might be enforced. Government are of opinion that this is a matter for you to consider ~~what~~ while dealing with suits filed by the - Central Bank, They, however, see no objection, in principle, to the enforcement of unlimited liability in appropriate cases if done sparingly and with discrimination.

I have &c.,

Chief Secy:to Govt.

Send A as the copy to C
Send to the Bank

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No D 4917 / C 40-26-26 Bangalore, Dated, 5/11/30

From

N. MADHAVA RAO, Esq., B. A., B. L.,
Chief Secretary to the Government of His Highness the Maharaja of Mysore.

To

The Registrar,
Co-operative Societies in Mysore,
Bangalore.

Sir,

With reference to correspondence ending with your letter No.6522/C.S. dated 28th May 1930 regarding the request of the Bangalore Central Co-operative Bank Ltd., for assistance in the recovery of its debts from certain Co-operative Societies, I am directed to invite attention to the discussions on the subject at which you were also present when the representatives of the Bank met the Second Member of Council at the Secretariat on the 21st October last. You then stated that some 60 out of the 65 societies indebted to the Bank had already filed suits, at the instance of the Department, against their defaulting members and that the amounts recovered in these suits would be credited to the Bank. The representatives of the Bank considered that if action on these lines was taken against all the defaulting members of Societies, they would be quite satisfied and would not press for permission to file suits against the societies either before you or in civil courts.

I am to request you to be so good as to take action on the above lines and to arrange to furnish to the Bank within two months a statement giving for each society details of the number of members in default, the extent of their liabilities, and the number of cases (with the amounts involved) in which suits have and have not been filed. On receipt of this statement it is for the Bank to consider

consider what steps if any it should take to safeguard its interests. So far as the department is concerned, it should see that suits are filed and diligently prosecuted against defaulting members of societies in every case where such a course is possible.

Further, the Bank's representatives stated that in some cases monies recovered from the indebted societies were kept in deposit in the Apex Bank instead of being made over to the Central Bank in discharge of its dues. I am to request that a report may be submitted to Government on this representation.

They also suggested that in a few cases at least where, owing to the perpetration of fraud or other special reasons the ordinary remedies were barred or were likely to prove infructuous, the unlimited liability of members might be enforced. Government are of opinion that this is a matter for you to consider while dealing with suits filed by the Central Bank. They, however, see no objection, in principle, to the enforcement of unlimited liability in appropriate cases if this is done sparingly and with discrimination.

I have the honour to be,

Sir,

Your most obedient servant,

Draft

for Chief Secretary to Government.

R.N.2-4/11.

Appendix F G—1

SUBJECT.....

.....

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Section C. S

File No. 40-26

Serial No. 27

Diary No. of letter replied to.....

No. 05072

(Confdl)

General and Revenue Secretariat

( )

the *193*

To The Secretary Bangalore Central Co-operative Bank Ltd Bangalore

Date of issue 8/11/30

Signed by H. C. S. Narasimhan

Sir,

With reference to your letter No 2735 & 20-3-30 and ~~letter~~ regarding the recovery of long overdue loans from indebted Co-operative Societies and subsequent correspondence connected therewith I am directed to forward herewith for your information a Copy of letter No 4917/Co-operation 26-26 & 5-11-30 sent to the Registrar Co-operative Societies.

List of enclosures.....

Copied by.....

Examined by.....

[over

Subs. The last para of the letter to the Registrar is omitted in the Copy proposed to be sent to the Press of the Bank as per orders

Tech 9/11

WD 02559—GPB—25,000—25-6-30

in the matter

~~Assump instructions to him~~

~~on the subject in~~

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No. 1617
ENCLS.

C.S. 40-26-29

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the 10th November *1930.*

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.

DEW (C.S.)
CHIEF SECRETARY.
11 NOV 1930

GEN. & REV. DEPARTMENTS
12 NOV.
DEVELOPMENT BRANCH.

The Chief Secretary to the Government of His Highness
the Maharaja of Mysore,
Bangalore.

SIR,

I have the honour to acknowledge with thanks the receipt of your letter No.D5072 of the 8th instant forwarding a copy of letter No.4917 of the 5th idem to the Registrar of Co-operative Societies.

2. It is mentioned in the above letter that in the case of 60 out of 65 Societies indebted to the Central Bank, suits had been filed at the instance of the department against the defaulting Members thereof and that if similar action was taken against the defaulting Members of all the indebted Societies, the deputation of the Board expressed that they would be quite satisfied and would not press for permission to file suits against the debtor Societies either before the Registrar or in Civil Courts.

3. As the above may possibly create an eroneous impression regarding what took place at the Meeting, I beg to note below a brief summary of the discussion relating to the subject.

3)

(a) The Members of the deputation represented among other things that in view of the fact that a large amount of nearly 2¾ lakhs of rupees was still due by 67 Societies, that the Registrar had neither disposed of the suits filed in his Court over 8 years ago against some of the defaulting Societies nor had he accorded permission to the Board to file suits against them in the Civil Courts, the Board had no alternative but to approach the Government for necessary relief in the matter.

(b) The Registrar stated that as the procedure of filing suits against debtor Societies in their corporate capacity, while not helping the Bank to recover its overdue loans from them promptly would affect the Co-operative movement itself; he had withheld permission, but had recently issued instructions to his Officers to have suits filed by Societies against their debtor Members and that some 60 out of 65 Societies indebted to the Central Bank had already filed suits against their defaulting Members and that similar action would be promptly taken against the Members of the remaining Societies also.

(c) In reply to a query from the President of the Bank, the Registrar gave the assurance that except in one or two bad cases where the Bank might not get the full amount due to it, there would be no difficulty in recovering the full amounts due to the Bank (principal and interest) from the remaining Societies as the defaulting Members had enough property to proceed against.

(d) The Members of the deputation expressed satisfaction at the above statements of the Registrar and said that pending the result of the action taken by him, the legal action proposed to be taken by the Bank against the defaulting Societies would be deferred.

(e) The Members of the deputation then requested that with a view to enable the Board to have an idea of the progress of the action taken by the department for the recovery of the

-Societies'

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Societies' debts and also to consider the steps that may be necessary to safeguard the Bank's interests, statements in a prescribed form might be ordered to be furnished to the Board.

(f) The 2nd Member observed that the statements should be furnished to the Bank.

4. I have to submit that if the result of the action taken by the Registrar be found not satisfactory, the Board may have to approach the Government again for necessary relief and take legal action against the defaulting Societies.

5. As regards the information required by Government when the deputation met the 2nd Member of Council about the shares held by the debtor and non-debtor Members of the Bank, I beg to append the statistics below.

I have the honour to be,

S i r,

Your most obedient servant,

PRESIDENT.

I. No.of Members. Debtors.	Non-Debtors.	II No.of Shares held by Debtors.	Non-Debtors.	III Share Capital paid by Debtors.	Non-Drs.	IV. Loans Outstanding.
				Rs	Rs	Rs
496	395	736	827	1,16,035	1,78,904	11,57,449.

C. S. 40-26-31

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No. 2057
ENCLS. 4

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

GEN. & REV. SECRETARY 482 13 DEC. 1930 DEVELOPMENT BRANCH.

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Dated Bangalore, the 12th December 1930

SECRETARY

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.

To

The Chief Secretary to Government of
His Highness the Maharaja of Mysore,
B A N G A L O R E.

SIR,

Ex. 3868 / 4423

In continuation of my letter No.1617 of the 10th Nov.'30, I have the honour to submit herewith an extract from the Proceedings of the Board Meeting held on the 30th idem together with the drafts of the statements referred to in my above letter and a summary of discussion of subjects placed before the Second Member of Council on the 21st October 1930.

I have to request that the Government may be pleased to issue orders to the Registrar for furnishing the Board with statements in the accompanying forms, to be followed by monthly statements of recoveries made from time to time.

I have the honour to be,
S i r,
Your most obedient Servant,

PRESIDENT.

EXTRACT FROM THE PROCEEDINGS OF THE BOARD MEETING HELD ON THE 30th NOVEMBER 1930 UNDER THE PRESIDENCY OF RAJA SABHA BHUSHANA DEWAN BAHADUR SIR K.P. PUTTANNA CHETTY Kt., C.I.E.

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* * *

II. READ:-Correspondence ending with letter No.1617 dated 10-11-'30 from the President of the Bank to the Chief Secretary to the Government of High Highness the Maharaja of Mysore, the summary of discussion of the undermentioned subjects placed before the Second Member of Council on the 21st October 1930 and the drafts statements to be furnished by the Registrar relating to the action taken by the Co-operative Department from time to time for the recovery of loans from the defaulting Members of Societies indebted to the Bank.

(a) Difficulties experienced by the Board in regard to the recovery of long and heavy outstandings from a large number of Debtor-Societies and the assistance urgently needed for the recovery of the same.

(b) Retention of the existing rate of dividends of 10 p.c. fixed by Government.

RESOLVED that the drafts of the statements be approved and the same forwarded to Government with a copy of the summary of discussions relating to the subjects mentioned above.

(Extract)

PRESIDENT.

Summary of discussions of Subjects placed before the Second Member of Council on 21st Oct.1930.

Correspondence ending with letter No.1309 dated the 17th October 1930 from the President of the Bank intimating in reply to letter No.D3387 of the 14th idem from Government that 4 P.M. on the 21st October '30 will suit the deputation also to meet the Second Member of Council in his Chambers.

In accordance with the Resolution of the Board passed at their Meeting on the 26th September '30, the President of the Bank, accompanied by the Secretary, led the deputation of the Board consisting of Rajasabhabhushana Mr. K.R. Srinivasiengar, Rao Bahadur Dr. C.B. Rama Rao, Messrs. B.I. Shama Rao and D.S. Govinda Rao and met the Second Member of Council in his Chambers at the appointed time. He introduced the Members of the deputation to the Member.

N. Madhava Rao Esq., Chief Secretary to Government, P. Mahadevayya Esq., Law Secretary to Government & K.H. Ramayya Esq. Registrar of Co-operative Societies, were also present.

The President opened the subject with the following observations mentioning reasons for seeking an interview with Government.

i. That the number of societies still remaining indebted to the Bank was 67 and that all of them were persistent defaulters.

ii. That the amount due by them was nearly Rs 2Lakhs 70 thousand out of which Rs 91,000/- was due towards interest after reduction of the rate of interest and the revision of adjustments made from the very commencement of the transactions.

iii. That the loss to the Bank was over Rs 80,000/-.

(P.T.O.)

iv. That the reduction of the rate of interest and the revision as per reduced rate, of past adjustments were agreed to by the Board on the assumption that the Registrar would arrange for the transfer en-bloc of Societies' debts to the Apex Bank.

v. That the period of default varied from 5 to 15 years.

vi. That the suits filed in the Registrar's Court against a few of the worst defaulters so far back as 1921 remain undisposed of in spite of repeated reminders issued to the Registrar in the matter.

vii. That the Registrar instead of disposing of the suits filed in his Court 9 years ago has been advising the Board to withdraw the suits already filed against some of the Societies and also to abandon the idea of filing the suits against any of the defaulting Socieites on the ground that it would affect the Co-operative movement and that the delay in complying with the repeated requests of the Board has unnecessarily complicated matters.

viii. That the repeated assurances of the Registrar given to the Board from time to time for the past 8 years, that action had been taken by him for the speedy recovery of the debts due to the Bank by Societies and that an early settlement of debts might be expected by the Board, had not so far materialized, but that the affairs of many a debtor society had gone from bad to worse, to the serious detriment of the Bank.

ix. That as the proposed transfer of Societies' debts to the Apex Bank was not effected, the Government, in their Order of December 1927, had authorized the Bank to take necessary legal action against the defaulting societies which failed to close their loan accounts with the Bank within six months by taking advantage of the concessions granted to them by the Board and had also issued instructions to the Regis-

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trar to arrange for the recovery of the Central Bank's dues by employment of special Sheikdars. The said order of Government has remained inOperative.

x. That the action of the Registrar in witholding formal permission to ~~issue~~ at least a few of the worst societies in a Civil Court and enforce"unlimited liability" and in not disposing of the suits already filed in his Court over 9 years ago and in not taking prompt action against the defaulting societies had landed the Bank in a serious predicament and that the Board have reason to apprehend grave danger to the Institution under the circumstances unless the Government were pleased to issue definite orders to the Registrar in the matter.

xi. That as loand to Societies were issued by the Board entirely on the recommendation of the Registrar who got the loan applications of Societies investigated by his Departmental Inspectors, the Board look to him for the recovery of dues from them as observed by the Samaldas Co-operative Committee.

xii. That the condition of Debtor Societies in the Bangalore City was even worse than that of the Rural Societies and that the affairs of those Societies did not appear to have been looked into by the Department for years together as already represented to Government by the Board. The names of the marginally noted societies:-

		Principal	Interest
1. Koramarapalya	C.S.	Rs 1056 14 5.	Rs 673 12 10
2. Automobile	"	2315 15 6.	1556 10 11
3. Gangamachery	"	329 9 10.	77 0 9
4. Mavalli	"	337 6 0.	263 5 4
5. Hebbal	"	1596 10 1.	1115 9 11

in Head Quarters and the amounts due by them were mentioned. That in the unfortunate circumstances the Bank was placed, the Board had no help but to seek the sympathetic help of the Government to extricate the Bank from the impending great loss.

(P.T.O.)

4. To the observation of the Second Member that the Bank had entertained an Inspector to supervise the affairs of the Societies, it was represented that the Inspector had done all he was able to do by inspecting the societies and by discovering the irregularities in the course of his examination of Accounts, Registers etc. and that all the irregularities brought to the notice of Government were discovered by him.

5. Mr. K.R. Srinivasiengar followed the representation of the President by saying that though it was no doubt up to the Bank to take all the action necessary (which it has done as far as possible) to safeguard its interest by occasional visit and inspection of the indebted societies by its Officers, the department was also expected to exercise adequate supervision over the working and management of the Societies and not to allow their affairs to drift hopelessly, as has happened in the case of some of the Societies, in spite of the Board's representation from time to time. Mr. Srinivasiengar also observed that so long as the Members of such Societies were kept in ignorance of the scope and significance of "Unlimited Liability", there was no prospect of the movement developing on right lines. Mr. Srinivasiengar therefore emphasized the need for enforcing "Unlimited Liability" in the case of at least one or two societies to start with or granting permission to the Central Bank to enforce the same against some of the worst societies in the Civil Court.

6. The Second Member wished to know from the Registrar if there was any difficulty in giving effect to Mr. Srinivasa Iyengar's suggestions,

7. Mr. K.H. Ramayya stated that "Unlimited Liability" in the absolute form was not enforceable and that in no part of British India was absolute "Unlimited Liability" enforced.

(P.T.O.)

The only thing that could be done was in the case of hopeless societies, to wind them up and enforce contributory liability by the appointment of a liquidator. Such a contingency might perhaps arise in the case of only 4 or 5 Societies out of the large number of 67 Societies which still remain indebted to the Bank. He further expressed an assurance that except in the case of 1 or 2 bad societies which might have to be wound up eventually and against which contributory liability had to be enforced, the debts due by the remaining societies would be fully recovered along with accumulated interest, as the defaulting Members thereof against whom suits had already been filed had enough substantial properties to proceed against for the recovery of the amounts due from them. The Registrar then read out a long list of debtor societies against the Members of which legal action had already been taken for the speedy recovery of the amounts due by them and Decrees granted by the department and that prompt legal action would be taken even against the defaulting Members of the remaining 4 or 5 Societies before enforcing the provisions of the Regulation regarding contributory liability. To the question of the President, whether the repayment of the overdue loans from Societies with accumulated interest assured by the Registrar might be expected in about a year, as the result of the legal action stated to have been taken against the defaulting Members of debtor societies, the Registrar answered that he was unable to give a definite reply though he was sure that the debts due to the Central Bank from Societies would be recovered soon in view of the effective action taken by the Department. The Registrar further assured the Board that they need not entertain any fear about the debts due by Societies becoming either time barred or irrecoverable as the decrees granted by the department against the defaulting Members are absolute.

(P.T.O.)

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8. To the representation that the amounts recovered from certain defaulting Members of certain debtor societies and deposited in the Apex Bank long time back instead of crediting the same to their loan accounts in the Central Bank still remain there and that repeated requests to the Registrar to issue orders for the transfer of those amounts to the Central Bank had not been heeded, the Registrar assured that the transfer would be caused to be effected without further delay.

9. Thereafter both the President and Mr. K.R. Srinivasa Iyengar represented that in order to enable the Board to have a correct idea of the progress of the action taken by the Department for the recovery of the long outstandings from Debtor Societies, they would like to be favoured, for the present, with a statement in a form to be prescribed showing in detail the action taken against defaulting Members of the Societies concerned, this statement being followed by monthly statements showing the progress made in the recoveries from time to time.

10. The Second Members was pleased to observe that the request being reasonable, there should be no difficulty to comply with it.

11. The Registrar thereafter undertook to furnish the statements as above.

12. In regard to the 5 debtor societies in the Head Quarters of the Bangalore City directly under the control of the Registrar which are in a most alarming condition as represented to Government some time back, the Registrar promised to take promptly all the steps necessary for the recovery of debts from them.

13. In view of the assurances ~~xkm~~ as above given by the Registrar, the President and other Members of the deputation expressed satisfaction and stated that legal action contemplated by the Board against the debtor societies would be deferred for the present. The President expressed a hope that, as the result of the prompt action said to have been taken by the department,

(P.T.O.)

the Bank would be enabled to recover a large portion of the long and heavy outstandings from Societies before the end of the current year.

14. The next subject about which the representation was made was the retention of the maximum rate of dividends at 10 p.c. fixed by Government over 10 years ago.

15. The President represented that the points urged for the retention intact of the existing maximum rate of 10 p.c. dividends fixed by Government 10 years ago after due consideration of all aspects of the case were elaborately set forth in the letter of 11th September '30 addressed to Government and also in the proceedings of the last General Meeting of the Bank held on the 14th idem. He pointed out that distinction had to be made between an institution which had jurisdiction all over the state and an ordinary primary society with limited jurisdiction. Mention was also made that as the result of ~~the~~ a resolution said to have been passed at the Mysore Co-operative Conference of last year, the Government may have thought fit to reduce the maximum rate of dividends to 7½ p.c. all atonce and that such a reduction, at a time when the condition of the Money Market is precarious and other circumstances most discouraging, would surely affect the stability of the Central Bank which has been declaring uniformly the maximum rate of 10 p.c. dividend for the past 9 years. The President further pressed on the consideration of ~~the~~ Government, the necessity and advisability of keeping the existing maximum rate undisturbed.

16. Mr. K.R. Srinivasiengar then continued the representation by mentioning that during the early part of the Co-operative Movement, there was no rule under the Regulation fixing the maximum rate of dividends to be declared by any Co-operative Institution in the State and that as a result of controversy between the Bank and the Registrar, the latter sent up

- a proposal-

a proposal to the Board to have a bye-law restricting the rate of dividends to 8 p.c. As the Board could not accede to the proposal in the interest of the Bank, the controversy progressed and the matter went up to Government who in their order of April 1915 observed that the Central Bank might agree to declare dividends not exceeding 9% without the express sanction of ~~the~~ Government. This rate was for a time adhered to by the Board who continued their representation for slightly increasing the rate. In consideration of the representations of the Board and of other circumstances the Government in 1920 were pleased to pass a rule for the 1st time under the Regulation fixing the maximum at 10 p.c. The Money Market and other conditions were not then as bad as now. Mr. K.R. Srinivasa Iyengar wished to know the circumstances which justified a reduction now in the rate of dividends. The Registrar's proposal to reduce the dividend was evidently based on a resolution passed at a Conference consisting mostly of spectators and delegates from Co-operative Societies of "Unlimited Liability" which under the rules in force could not declafe any dividends and from Societies of "Limited Liability" which had not the capacity to declare any dividends. Mr. Srinivasiengar observed that in a Conference consisting of persons of the type mentioned above, it was not at all difficult to get resolutions of any kind passed and that the strong support of the resolution by the Registrar, the influence exercised by him, as the Head of the Department, over the Members present had not a little to do with the passing of the resolution. Mr. Srinivasiengar also pointed out that the persons concerned in the affair were the shareholders of the respective institutions who were at liberty to fix any rate they considered reasonable, and that so far as the Central Bank was concerned there was not even a single dissentient voice at the last Meeting of the shareholders of this Bank held on the 14th September '30 against the retention of the rate of dividends, but on the other hand every one of them felt that the reduction at this stage of the Bank would seriously affect both its stability and reputation and urged that

-the-

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the matter should again be represented to Government for the retention of the existing rate.

17. The President represented that the condition of the present Money Market being more precarious due to several distressing circumstances than it was 10 years ago when the maximum rate of 10 p.c. was fixed by Government, that as a large amount was locked up on Societies and that as the rate prescribed for Co-operative Societies in British Indian Provinces was as much and even higher than the present 10 p.c. fixed for the Mysore State, the Government might be pleased to leave the existing rate undisturbed.

18. The Second Member wished to know the maximum rate prevailing in British Indian Provinces.

19. The following information was furnished by the President who mentioned that the general principle governing the maximum rate of dividends was that it should be atleast 3% over the rate on deposits.

Burma ...	20 p.c.	
Behar & Orissa	12½ "	
The Punjab	10 "	
Coorg	10 "	
Bombay	10 "	without any restriction whatever in regard to the grant of additional bonus which is said to be not uncommon.
United Provinces	10 "	
Bengal	12½ "	

20. Mr. K.R. Srinivasiengar then read out an extract from the Lalubhai Samaldas Co-operative Committee observing that the Central Bank's limit of 9% is based on a clearer perception of the present market conditions and that ~~this~~ they would accordingly admit the grant of dividends up to 9%. While passing orders on the above report in 1925, the Government left the rate of 10% fixed by them in 1920 unaltered as it was found to be quite reasonable. Mr. K.R. Srinivasa Iyengar continued the representation by stating that he was

-sure-

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sure that the number of societies which were able to declare dividends higher than 7½ p.c. might ~~xxxx~~ not be more than a dozen and that it was a point for consideration whether in view of this fact, it was desirable to reduce the maximum rate at this stage which would affect those institutions materially without any corresponding benefit to Societies which were unable to declare dividends.

21. The Second Member wished to know the rate of interest charged on loans by the Central Bank and whether the reduction in the rate of dividends would not result in the reduction of interest on loans also.

22. The President informed that the rates of interest on loans varied from 8½ to 10 p.c. in all cases except in the case of loans granted on the security of immovable properties in the mofussil on which 1% extra was charged.

23. Both the President and Mr. K.R. Srinivasiengar represented that the rates of interest on loans depended not on the rate of dividends issued but on the condition of the Money Market, that for obvious reasons no loan at a far lower rate than that prevailing in the market was possible in the interest of the Bank and that the lower interest would spoil the effort of self-help on the part of bofrowers who might be induced to expect gifts at the expense of shareholders and depositors rather than loans on businesslike terms. It was represented that provision had been made to grant suitable rebates to borrowers who were regular in the discharge of their obligations to the Bank.

24. In order to show that the rate of interest on loans charged by the Central Bank was not excessive, the President further represented that a large number of 71 applications for loans for a total sum of nearly 5½ Lakhs were pending disposal and the Board have to raise the rate of interest on deposits further to meet the growing demands for financial help.

(P.T.O.)

25. The Second Member observed whether the Bank was not more like a joint-stock Bank than a purely Co-operative Institution.

26. The President answered that the Central Bank combined the principles of both the joint-stock and Co-operative Banking and this is, as it should be, in the case of Central Institutions.

27. Mr. K.R. Srinivasa Iyengar pointed out that the Bank was a Co-operative Institution, in that it lent only to shareholders, the maximum to be held by any one being restricted to Rs1,000/-. He read out information from the Banking Enquiry Committee Report that the rate of interest on loans in certain Co-operative Institutions in British India was as high as 18p.c and that the average rate of interest in Co-operative Institutions in British Indian Provinces worked to about 11 p.c.

28. The Second Member wished to know the number of shareholders of the Bank and the number of borrowing Members and the share amounts paid by them.

29. It was mentioned that about 50% of the number of Members were Borrowers and that correct information would be furnished early.

30. The President represented that Sir B.N. Mitra, the Financial Expert in India, and President of Banking Enquiry Committee who was kind enough to pay a visit to the Bank and make enquiries regarding its working observed that the rate of 10 p.c. dividends declared by the Bank was never high and the rates of interest charged on loans by the Bank were quite reasonable and that if the Bank should not suffer both financially and in reputation, no efforts should be spared to recover the long and heavy outstandings from Societies without further delay.

(P.T.O.)

31. On behalf of the deputation, the President thanked the Second Member for the courtesy and patient hearing of the lengthy representation which the Board were obliged to make and requested that in the light of all the facts placed before the Government, they might be pleased to leave the existing maximum rate of dividends undisturbed for the present, so far as the Central Bank was concerned, as a very large amount of Societies' debts had yet to be recovered.

32. Before taking leave of the Second Member, the President expressed a hope that the DEEPAVALI on which day the deputation interviewed the Member of Government would bring good luck and prosperity to the Bank.

33. The President handed over to the Second Member of Council a typed memo relating to the subjects represented to Government and a list of Loan applications pending disposal.

PRESIDENT.

Statement of members against whom action

Serial No.	Names of members	Amount due					Nature and value of security.	Date of filing suit	Result of suit.
		Date of bond.	Due date.	Registered or unregistered	Principal	Interest			Principal.

A.

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has been taken for the recovery of Outstandings.

Amount.	Date of decree.	Date of Execution Proceedings taken.	Date of Completion of Execution proceedings.	Amount realized and credited.	Remarks.
Interest.					

PRESIDENT.

List of Societies, against the members of

Serial No	Names of Societies.											
		Debtors	Total number of members.									
		Non-debtors										
		No of defaulting members against whom Suits have to be filed.										
		Principal	Amount due									
		Interest										
		Nature and Value of security.										
		No. of defaulting members against whom suits have been filed.										
		Principal	Suit amount									
		Interest										
		Number.	Decrees passed.									
		Amount.										

which Suits have been filed for the recovery of dues from them.

Cases pending decree.		Nos of decrees in which Execution proceedings have been taken.		Cases in which Execution proceedings Completed.		Cases pending Execution.		Amounts recovered and credited to the Central Bank.	Amounts yet to be recovered.	Remarks.
Number	Amount.	Number.	Amount.	Number.	Amount.	Number	Amount.			

PRESIDENT.

C.S. 40-26-30

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No. 32375.

FINANCIAL SECRETARY 11

Telegraphic Address: "CO-OPERT" BANGALORE

DEPARTMENT OF CO-OPERATION
GOVERNMENT OF MYSORE.
OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated, Bangalore, 9th December *19* 30

1610

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE, BANGALORE.

GOVT. SECRETARIAT 12 DEC. DEVELOPMENT BRANCH.

To

Rajasevaparayana
B. Srinivasa Iyengar, Esq., B.A. B.L.,
Financial Secretary to the Government of His Highness
the Maharaja of Mysore, B a n g a l o r e.

Sir,

With reference to para 3 of letter No.D.4917/C.S.40-26-26 dated 5th November 1930 received from the Chief Secretary to Government, I have the honour to state that the marginally noted societies had kept some moneys in the Apex Bank and the same have been transferred to Central Bank on the dates noted against their names.

Name of society.	Amount.	Date of transfer to Central Bank from Apex Bank.
1) Kudur	4,541-14-5	17- 7-29
2) Doddakanali	595- 9-5	27- 1-30
3) Varthur	2,993-15-3	6- 5-30
4) Panathur	101- 0-3	8-11-30
5) Balagere	179- 9-4	8-11-30
6) Gunjur	4,120- 0-6	8-12-30

The only society that refused to transfer the amount for a long time was the Gunjur Co-operative society which had requested the Bank to reduce the rate of penal interest as a special case owing to its very unsatisfactory condition, but which prayer was refused by the Central Bank. Even this society has now transferred the amount and it is understood that no other indebted societies have deposited any moneys in the Apex Bank.

I have the honor to be,
Sir,
Your most obedient servant,

K H Ramayya

R e g i s t r a r.

54

A. P. F. VI. G1]

SUBJECT.....

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Section C. S

File No. 40-26

Serial No. 32

No. D 7708

Diary No. of letter replied to.....

General and Revenue Secretariat.

( )

the *192*

To The President,
Bi'lone Central Co-op Bank
Ltd.,
—

Date of issue 22/1/31

Signed by My Cer

With reference to your letter No. 1614 dt. 10.11.30 & 4057/4 dt. 12.12.30 in regard to the collection of the amounts due to your Bank from certain Societies, I am directed to invite your attention to this office letter No. D 5072 - C.S. 40-26-27 dt. 8.11.30 forwarding for your information a copy of letter No. D. 4917 - C.S. 40-26-26 dt. 5.11.30 to the Registrar C.S., in the matter which Govt. have undertaken the help to be given

List of enclosures.....

Copied by .....

Examined by .....

over

WD0325—GPB—30,000—26-5-27

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to the Bank for the recovery of its dues, and to state that Govt. regret they cannot undertake to do anything more in the matter. If the Bank wants any additional information or assistance, I am to state that it should apply to the Registrar for the same.

I have etc.

Ch Asst Secy
Ca
19/1

D 7709/Co. — 22/31

Copy to Regr. C.S.

A. P. F. VI. G!

SUBJECT..... 76

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Section C.S.

File No. 40-26

Serial No. 33.

No. 7707.

General and Revenue Secretariat

( )

the *192*

To The Regr. of C.S.

Diary No. of letter replied to.....

Date of issue..... 22.1.31

Signed by..... M. Esq.

List of enclosures:.....

Copied by .....

Examined by .....

Sir

I am directed to invite reference to this Office letter No. 0.4917 C.S 40-26-26 dated 30.11.30, among other things, requesting you to forward the Bangalore Central Co-op. Bank Ltd. within two months a statement showing the result of action taken against the Societies indebted to it, and to enquire whether this has been done. If so, I am to request that a copy of the statement may

over

he went to Govt for information

I have the

Cliff Levy

C.S.40-26-34

No. 4166 CS

Telegraphic Address:
"CO-OPERT"
BANGALORE

DEPARTMENT OF CO-OPERATION,
GOVERNMENT OF MYSORE.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Dated, Bangalore 27 & January 1931

FROM

The REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE, BANGALORE.

CHIEF SECRETARY 28 JAN. 1931

SECN. & REV. SECRETARIAT. 594 28 JAN. 1931

DEVELOPMENT BRANCH.

TO

N.Madhava Rao,Esq.,B.A.,B.L.,
Chief Secretary to Government
of Mysore, Bangalore.

Sir,

With reference to your letter No.D.7707/C.S.40-26-33 dated 22nd January 1931, I have the honour to forward,herewith a copy of the statement furnished to the Bangalore Central Co-operative Bank,Ltd., as directed by Government in para 2 of their letter No.D.4917/C.S.40-26-26 dated 5th November 1930.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar in charge.

26/1.

STATEMENT FURNISHED TO THE CENTRAL CO-OPERAT[illegible] BANK, LTD.,

Name of Society.	No.of defaulters.	3 Total amount of their liabilities to the society.	4 No.of suits filed.	5 Value of suits filed.	6 No.of defaulters against whom suits have not been filed.	7 Amount due by these defaulters.	
Hassan Taluk.							
1. Kundli Co-op.Scoety.	1	460 0 0	1	200 0 0	..	..	
2. Nittoor do.	8	1795 0 0	8	1795 0 0	(All the suits have been decreed & the decrees are under execution.		
3. Shanka do.	21	1032 0 0	21	1032 0 0			
Chikballapur Taluk.							
4. Posettihalli C. S.	86	14683 10 7	27	6936 3 9	59	7747 6 10	
5. Andarlahalli do.	25	2981 8 1	11	1752 3 4	14	1229 2 9	
Goribidnur Taluk.							
6. Gadare C.S.	50	6677 3 4 (Principal)	50	8614 11 10	..	...	
Nelamangala Taluk.							
7. Thimmasandra C. S.	6	2764 6 10	6	1891 9 2	..	...	Fur
8. Byadarahalli do.	14	4058 12 0	14	3642 9 10	..	...	
9. Hullegowdanahalli C.S.	7	3374 13 2	..	..	7	3374-13-2	Boa are
10. Basavanahalli do.	22	2904 13 1	22	2301 13 6	2	17--9-6	
11. Gollahalli do.	6	925 0 0	6	427 11 4	..	..	Furt
12. Arsinakunte do.	11	2796 12 11	11	1456 4 8	..	..	
Anekal Taluk.							
13. Huskur Madduramba do.	31	3038 12 4	29	3018 4 4	2	20-8-0	Due ted
14. Huskur Mysoreamba do.	20	190 4 0	10	88 0 0	..	In the other cases were rejected as th known.	
15. Bukkasagara do.	29	1755 15 11	29	1755 15 11	..	..	
Channapatna Taluk.							
16. Lalaghatta C . S.	75	11162 6 10	70	11021 6 10	5	141 0 0	L
17. Honganur do.	37	5404 0 0	37	5404 0 0	..	..	
18. Annegere do.	26	11418 8 0	20	10786 0 0	6	632 8 0	P
19. Hottiganahosahalli C.S.	62	14613 9 6	25	10617 9 6	37	3996 0 0	
20. Mangadihalli do. (Tumkur Taluk)	23	3765 12 0	10	3121 6 0	13	644 6 0	
21. Nelhal do.	8	1816 2 7	8	1816 2 7	..	..	
Srinivaspur Taluk.							
22. Dimbala do.	9	1401 8 0	9	1401 8 0			
23. Suloor do.	17	5193 13 11	17	5193 13 11	(Separate report of the Ins been forwarded to the Bank		
24. Tadigolla do.	5	215 1 11	5	215 1 11	..	..	
Closepet Taluk.							
25. Hunsamahalli C.S.	50	2700 0 0(excluding int.)	5	2344 9 0	45	980 0 0	
26. Byramangala do.	55	8115 4 3	do. 45	14794 7 0	..	121xxxxxx	
27. Jalamangala do.	40	5075 13 1	do. 39	8800 0 3	1	101 8 0	
Magadi Taluk.							
28. Tavarekere do.	69	2112 3 7	32	460 2 10	37	1652 0 9	
29. Yeenigere do.	14	2229 15 6	14	2229 15 6	..	..	
30. Kudur do.	73	13881 13 2	73	13881 13 2	..	..	
Malur Taluk.							
31. Jodibellur do.	42	9375 2 4	33	7818 5 2	9	1556 12 2	
32. Nonamangala do.	4	81 0 0	..	..	..	..	
33. Huldenahalli do.	34	14227 11 0	34	14227 11 0	..	..	
34. Kudiyanur do.	29	4106 15 3	29	4106 15 3	..	..	
35. Thoralakki do.	13	2488 0 0	13	2488 0 0	..	..	
Sidlaghatta Taluk.							
36. Gudimanchenahalli C.S.	25	2870 4 7	25	2870 4 7	..	..	
Doddballapur Taluk.							
37. Chikhejjaji C.S.	4	702 14 3	4	702 14 3	..	..	
38. Muppadighatta do.	13	2614 9 0	13	2614 9 0	..	..	
39. Syakaldevipur do.	3	461 15 0	3	461 15 0	..	..	
40. Huskur do.	14	3873 10 5	14	3873 10 5	..	..	
41. Chikmankanala do.	21	5693 15 4	28	5693 15 4	..	..	
42. Madagondanahalli do.	12	2801 12 9	14	2801 12 9	..	..	
43. Hadrepur do.	4	845 5 9	..	..	4	845 5 9.	

Registrar in charge

26/1.

NGALORE.

58.

8 Remarks	Secretariat Note	Amount due to the Bank Ordered	
		Principal	Int.
The case has been decreed over 5 years ago & the properties attained in execution. roperties will be dis osed of shortly.Col. includes int. also.	1. If approved the Rev. Comm may perhaps be asked why there has been a delay of 5 years in the execution of this decree ---	468-0-0	280-00 " 25.5.29
		753-0-0	18-0-0 - 17.7.30
		1058-0-0	617-0-0 " 25.6.28
The balance due by the Co-op Central bank is Rs 53-9-1.	2. It is not stated for how long this decrees are pending execution - ~~Where decrees are filed~~ ~~are pleaded~~	53-0-0	32-00 " 16.9.25
		299-0-0	48-0-0 - 27.4.29
		6126-0-0	3228-0-0 " 15.3.30
her interest not shown. do. s recovered. Suits being filed.	~~decided~~ decided. 7,12 Why further interest is not 12 shown ~~specify the Honorable and~~ is not clear	1891-0-0	652-0-0 " 15.3.30
		3642-0-0	330-0-0 " 30.12.29
		3574-0-0	1500-00 - 5.1.27
er interest not shown. do.		2301-0-0	78-00 19.9.30
		427-0-0	247-0-0 " 5.12.24
	8 If appd the Dy will be asked ~~to~~ to expedite matters -	1128-0-0	43-0-0 " 4.6.30
rom recently admit- embers. its had been filed & whereabouts were not		1900-0-0	158-0-0 " 9.6.27
		71-0-0	61-0-0 " 8.2.21
	No. Calcutta Co. outstandings seem heavy - It is for orders whether it should be ascertained when the oldest suit was filed -	1110-0-0	186-0-0 " 2.5.29
s sanctioned in 1928		3301-0-0	2814-0-0 " 30.6.30
		894-0-0 } 860-0-0 }	411-0-0 } " 31.1.29 361-0-0 } " 15.9.27
sure is put to file e six suits also. e are to be adjusted of share amounts. s missing & efforts made to trace them)		6450-0-0	5179-0-0 " 12.7.30
	9 If appd the adjustment necessary may be ordered to be made early.	2354-0-0 } 5439-0-0 }	1367-0-0 } " 21.8.30 5095-0-0 } " 12.2.30
		1802-0-0	808-0-0 " 27.2.30
		1455-0-0	63-0-0 " 24.5.30
ctor of C.S.has	20 How the Bonds came to be missed, when & where has perhaps to be cleared up early..	341-0-0	265-0-0 " 28.12.23
	In the following cases the value of outstandings against defaulters, against which Suits have not been filed seem to be heavy:- No 9 Defaulters. Value No 31. 9. 1556-12-2 No 28. 37 1652-0-9 43 4 845-5-9	1949-0-0	371-0-0 " 2.5.30
		7078-0-0	3229-00 " 14.4.20
		4524-0-0	2313-0-0 " 11.9.30
		773-0-0	402-0-0 " 15.11.27
		545-0-0	6-0-0 " 23.8.30
		4668-0-0	537-0-0 " 17.2.30
		4729-0-0	1852-0-0 " 16.4.29
		112-0-0	28-0-0 " 28.5.28
		10079-0-0	8099-0-0 " 7.2.20
		852-0-0	86-0-0 " 25.10.29
		2363-0-0	1412-0-0 " 14.11.26
		598-0-0	19-0-0 " 24.6.30
		3575-0-0 1642-0-0	1642-0-0 " 3.4.28
		1959-0-0	418-0-0 " 17.12.28
		1893-0-0	1124-0-0 " 23-8-27
		4021-0-0	2201-0-0 " 5-5-27
		196-0-0	42-0-0 " 3.4.28
		1899-0-0	678-0-0 " 2.10.28
		1130-0-0	157-0-0 " 11.5.28
			21.8.29

Appendix F G—1

SUBJECT.....

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Section 5

File No. 60-26

Serial No. 35

No. D8751

Diary No. of letter replied to 5947

General and Revenue Secretariat

( )

the *193* .

To The Registrar Co

Date of issue 7.3.31

Signed by Ever Cen

Sir

With reference to your letter No 4116 of 27.1.31 furnishing a Copy of a Sh showing the action taken against Societies indebted to the Bangalore Central Cooperative Bank Ltd I am directed to observe that in some of the Societies the Value of suits filed does not cover the liabilities to the Central Cooperative Bank and that in a few of these Cases

List of enclosures.....

Copied by.....

Examined by.....

[over

there are defaulters against whom
suits have yet to be filed. I
to request that the remaining suits in
~~such cases~~ may be caused
~~to be~~ filed without further delay.

2. In Cases where either the
liability of Societies exceed the
value of suits filed against its
members or where amounts
become irrecoverable from members
of Societies indebted to the Central
Cooperative Bank a report
should be submitted as to
how it is proposed to meet
the liability of such defaulting
Societies.

In cases where this is not feasible, I am to enquire how the liabilities will be met & whether joint liability may not be enforced?

I have de

cc

23/

Yr ob Sert

C.S.40 26-36

No. 5682-C-S.

DEPARTMENT OF CO-OPERATION
GOVERNMENT OF MYSORE.

Telegraphic Address:
"CO-OPERT"
BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Dated, Bangalore, 10th April 1931

RR 4251/11

From

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE, BANGALORE.

GEN. & REV. SECRETARIAT
11 APR. 1931
DEVELOPMENT BRANCH

To

N. Madhava Rao, Esq., B.A. B.L.,
Chief Secretary to Government of His Highness the
Maharaja of Mysore, Bangalore.

CHIEF SECRETARY
11 APR. 1931

Sir,

Adverting to correspondence ending with your letter No. 8751/C.S.40-26-35 dated 7th March 1931 re: societies indebted to the Bangalore Central Co-operative Bank, Ltd., I have the honour to state that arrangements have been made to get suits filed against all the defaulters of the societies in question. I may add that during the last two months viz., February and March 1931, I personally visited about 14 of these societies and took necessary action either for getting the remaining suits filed or for the settlement of the accounts. One society has discharged its debt fully and in the case of two others, loans have been sanctioned by the Apex Bank and arrangements have been made for the transfer of the loan accounts. The officers of the Department are taking needful action on the lines indicated by Government.

With regard to the point whether joint liability may not be enforced in cases where the liabilities cannot be met by the realisation of the assets, I have again to state that the question of enforcement of liability can be considered only after all the assets are realised and necessary action taken therefor. Contributory liability can be enforced only after this is done and the society is placed in liquidation. Calvert in his book on the Law and Principles of Co-operation says thus:- The system known as unlimited liability in Germany is well calculated to frighten away the more wealthy farmer. There a creditor may sue any member for his debt and recover from him and leave him to recover from the other members. . . . . In India societies are body

corporate

corporate and it is the society and not the members personally which enters into contracts. Accordingly the unlimited liability of the member is what is termed contributory liability; that is to say, the members are liable to make contribution to any deficiency in the assets on winding up." And again "the effect of incorporation is to protect individual members from suits by creditors. No legal proceedings can lie against a member of a society individually in respect of an obligation of the society; the society has to be sued and in case of default it is the society and not the individual members which goes into liquidation". And again "In a registered society the assets are realised and only the deficiency has to be made up by contributions from members and past members". From this it will be clear that, before any attempts at enforcing contributory liability may be made, it is necessary that it must be proved that all the realisable assets have been realised and the remaining liabilities can be met only by such a levy of contributions.

I have the honor to be,
Sir,
Your most obedient servant,

K H Ramaya

Registrar.